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SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE: SPECIAL PROGRAMMES OF ECONOMIC ASSISTANCE

Assistance for the reconstruction and development of Lebanon

Report of the Secretary-General

Addendum

1. In the context of his efforts to provide an urgent response by all possible means to Lebanon's need for assistance in its reconstruction and development, the Secretary-General, in a meeting on 28 February 1991, raised the issue with Mr. Bettino Craxi, in his capacity as Special Adviser to the Secretary-General. Mr. Craxi accepted the Secretary-General's request that he join him in his efforts to mobilize all possible resources to help the Government of Lebanon in its task of reconstruction.

2. In undertaking this task, Mr. Craxi first met with various international and Lebanese personalities, including the President of France, the Patriarchs and Bishops of the Catholic and Christian Communities of the Middle East, the Secretary of State of the Holy See, the Foreign Minister of Lebanon and the Chairman of the Reconstruction Committee of that country. In order to evaluate the data he received from these contacts, Mr. Craxi subsequently sent to Beirut, in March 1991, a technical delegation that met with the Lebanon Reconstruction Committee. The technical delegation concluded that emergency measures were necessary to restore telephones and transportation services and water supply; that, at the same time, it was necessary to institute urban planning and to quantify energy needs; and that, furthermore, plans were needed for medium and long-term reconstruction of industry, agriculture and civil engineering. It provided some preliminary indications as to the work that should be undertaken for the implementation of emergency plans as well as structural medium-term interventions, and the investments this would require from the international community.

3. At the Secretary-General's request, Mr. Craxi himself visited Lebanon on 9 and 10 June 1991 and had meetings with the President of the Republic, the Prime Minister, the President of the National Assembly, the Minister of Foreign Affairs, the President and the members of the Committee for Reconstruction, the political leaders, and economic experts, both public and private. These meetings enabled Mr. Craxi to gain a more comprehensive understanding of the evolving situation in Lebanon and the emergency needs of the country as they were perceived by the Lebanese authorities at the highest level. It was reconfirmed to Mr. Craxi that the Government of Lebanon saw an absolute need to prepare a development plan at the national level for the basic economic and social needs of the population (in particular with regard to electricity, telecommunications, water and public services). It was clear that an urgent international financial input would give the Government a helpful boost by allowing it to begin some public works. This would also create jobs so much needed upon the demilitarization of the militias and the return of hundreds of thousands of Lebanese citizens.

4. On the basis of this information, Mr. Craxi immediately intensified his contacts with various potential donors, in particular a number of Western European Governments and the European Community. As a result, these donors have activated the necessary internal procedures and a considerable amount of resources has been actually mobilized to respond at the bilateral level - as requested by the Lebanese Government - to some of the most urgent needs. The efforts of Mr. Craxi have thus spearheaded the determination of the international community to come to the assistance of Lebanon.

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ANNEX

Final Report of the United Nations Inter-Agency Needs Assessment Mission to Lebanon, 15 to 24 July 1991

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I. INTRODUCTION

1. To the Lebanese, the civil conflict has meant 16 years of missed opportunities and almost unimaginable human suffering. It is estimated that over 150,000 people have been killed and hundreds of thousands wounded or permanently disabled. Today the Lebanese economy and society stand shattered by continuous conflict. Tens of thousands of Lebanese are unemployed while a whole new generation has never before known Lebanon at peace. The Lebanese people are confident of their ability to rebuild their country, but an initial external investment is required to launch the process of reconstruction.

2. From the start, the international community has been prepared to be a partner in the reconstruction of Lebanon. Numerous United Nations General Assembly resolutions since 1975 have called for international action to assist in the reconstruction and development of Lebanon. The latest, resolution 45/225 of 1990, requested the Secretary-General to continue and intensify his efforts to mobilize all possible assistance within the United Nations system to help Lebanon in its effort to rebuild.

3. Owing to the prevailing security situation, until May 1991 the United Nations response had been by necessity limited to emergency and humanitarian assistance provided by a number of United Nations agencies and programmes, notably FAO, UNDP, UNDRO, UNICEF, UNHCR, UNRWA, WFP and WHO. These agencies, often operating in highly dangerous conflict zones, have been serving admirably to provide essential humanitarian assistance to the most vulnerable populations of Lebanon. Given the grave risks involved, travel to Lebanon for all international United Nations staff, except the most essential, was severely restricted.

4. The historic October 1989 accord, agreed upon by the Lebanese National Assembly in Taef, the cessation of the fighting by the Lebanese army in October 1990 and the systematic extension of the Government's control over most of the country have provided the United Nations with an opportunity to respond more fully to the needs of Lebanon. In December 1990, the Government of Lebanon informed the Secretary-General of the United Nations of its success in establishing control over the Greater Beirut area and requested United Nations assistance in the task of rehabilitation and reconstruction. Following this and further developments, a United Nations security Mission was fielded to Lebanon in May 1991 resulting in the lowering of the United Nations security rating, thereby allowing for the reactivation of United Nations reconstruction and development efforts.

5. Based on the above and General Assembly resolution 45/225 of 21 December 1990 as well as previous resolutions for assistance for the reconstruction and development of Lebanon, the Under-Secretary-General of Political and General Assembly Affairs, Mr. Ronald I. Spiers, in his capacity as coordinator of the United Nations system-wide programme for United Nations Assistance for the Reconstruction and Development of Lebanon (UNARDOL), fielded a United Nations Inter-Agency Needs Assessment Mission to undertake an

assessment of Lebanon's reconstruction and development requirements. This assessment, reflected in the report to follow, (including the observations of former Italian Prime Minister Bettino Craxi on his 9 to 10 June 1991 visit to Lebanon) will serve as the basis for an appeal that the Secretary-General of the United Nations will make to the international community.

6. The mission was led by Dr. Mohamed A. Nour, Assistant Administrator and Regional Director of UNDP's Regional Bureau for Arab States and Europe, and was composed of representatives from 14 agencies, namely, the Food and Agriculture Organization of the United Nations (FAO); International Civil Aviation Organization (ICAO); International Labour Organisation (ILO); International Telecommunications Union (ITU); United Nations Development Programme (UNDP); United Nations Disaster Relief Organization (UNDRO); United Nations Educational, Scientific and Cultural Organization (UNESCO); United Nations Children's Fund (UNICEF); United Nations Industrial Development Organization (UNIDO); United Nations High Commissioner for Refugees (UNHCR); United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA); World Food Programme (WFP); World Health Organization (WHO) and the World Bank (IBRD). Experts from the United Nations Economic and Social Commission for West Asia (ESCWA), United Nations Department of Technical Cooperation for Development (UNDTCD) and the Office of the Coordinator of the United Nations Assistance for Reconstruction and Development of Lebanon (UNARDOL) also participated. The mission's terms of reference, composition and programme of work are attached in appendix 1.

7. The Mission, working closely with its Lebanese focal point, the Council for Development and Reconstruction (CDR), had complete access to all government authorities as well as to representatives from the private sector and non-governmental organizations. Very close coordination took place with all United Nations agencies and bodies present in Lebanon as well as with the United Nations Information Centre (UNIC), the United Nations Interim Force in Lebanon (UNIFIL) and the United Nations Truce Supervision Organization (UNTSO). The Mission also had the opportunity to undertake extensive field visits and to observe first hand the extent of the destruction and the effects of the war on the people of Lebanon.

Acknowledgement

8. The Mission met with President Elias Hrawi, Prime Minister Mr. Omar Karami, Mr. Hussein El-Husseini, Speaker of the House, as well as other Cabinet Ministers. The Mission would like to extend its deep gratitude and appreciation to them for their guidance and support.

9. The Mission would also like to thank the various Directors-General and civil servants as well as private sector and non-governmental organization representatives for their frank and extremely useful insights into Lebanon. In particular, the Mission wishes to express its highest appreciation and thanks to CDR's President, Mr. El-Fadl Chalak, the Board of CDR, its Vice-Presidents and its Secretary-General, without whose transparent

commitment and full cooperation the Mission's work would not have been completed in the tight time-schedule set. To them and their colleagues we express our sincere thanks for the long hours spent organizing a comprehensive programme and helping us accomplish our task. We stress, however, that all views expressed in this report are entirely those of the Mission, and we stand to accept full responsibility for those views as well as its contents.

10. Finally, the Mission would like to acknowledge the warm reception and kind assistance received from Lebanese of all sectors of society who helped the Mission touch base with the complex social and economic challenges that face Lebanon today. Their energy and unbridled enthusiasm is possibly the best indication that Lebanon indeed is on the road to recovery.

II. OVERVIEW

A. The pre-war period

11. After obtaining its independence in 1943, Lebanon opted for a democratic and open system based on a free-market economy featuring the sanctity of private property and promotion of individual initiative and free enterprise. Prior to 1975, the country generally experienced high employment levels and high real growth in the gross domestic product (GDP) as evidenced by an average annual rate of growth of 5.8 per cent during the 1950 to 1968 period and an impressive 7.2 per cent during the 1968 to 1973 period. By the end of 1973, GDP per capita stood at $US 1,102 and the Lebanese population enjoyed a relatively high level of economic and material well-being.

12. Political stability, an unrestrained free-market system and the favourable regional circumstances surrounding the booming oil economies of the Arab Gulf States all combined to produce buoyant domestic activity in Lebanon. The services sector, namely trade, tourism and finance, became particularly important and Lebanon emerged as a vibrant regional centre in terms of financing and banking, attracting Arab capital as well as thousands of tourists. During the 1968 to 1975 period, the national budget was balanced, the balance of payments generated surpluses and the national currency was strong.

13. Despite such economic success there were reasons for concern. The country's initial development did not follow a well-defined strategy and Lebanon lacked appropriate domestic economic and social policy; growth was largely devoid of social content. The economy suffered from structural imbalances and major disparities: the services sector with 63 per cent of GDP in 1973 dominated the economy but was heavily dependent on the regional economy; growth and development of the capital region was out of proportion with that of other regions; and there were inequalities in the distribution of income and wealth. The public sector played a minor role with respect to development policy, income redistribution and compensation policies.

14. This being said, by the mid-1970s Lebanon was well on a course of sustained development. However this course was interrupted when violent conflict erupted in April 1975.

B. The war period, 1975-1990

15. The two-year war of 1975-1976 caused considerable loss of life and material destruction. The Beirut city commercial centre was particularly hard hit, disrupting the functioning of the national economy. The GDP and other indicators of economic activity showed a sharp fall in real income during 1975-1976 while the balance of payments was in deficit in 1976.

16. By 1977, it appeared that hostilities had ended and the Government initiated plans for reconstruction with the establishment of the Council for Development and Reconstruction (CDR). Founded by official decree, the CDR was entrusted with the responsibility for planning, coordinating, financing and executing the reconstruction and development of Lebanon. Damage assessment was undertaken and a seven-year Reconstruction Project of $US 7.5 billion (1978 prices) was formulated. The Government set out to mobilize financial and technical assistance for this purpose and began efforts to restore the physical and social infrastructure.

17. Unfortunately these objectives were not met as instability continued with the resumption of fighting. Sporadic unrest and localized fighting continued throughout the 1977-1981 period resulting in more suffering and destruction. Again, despite such internal conflict the economy was able to recover due to considerable economic reserves in the country and the exceptionally favourable regional context. Activity in banking and finance recorded unprecedented levels during this period and the balance of payments remained in surplus.

18. However, there was an economic downside though, as the public deficit widened and the domestic debt increased considerably from Lebanese pounds (LL) 52 million in 1974 to LL 7,000 million by 1981. The external debt similarly ballooned from LL 113 million in 1974 to LL 1,137 million in 1981. Still, expectations abounded that the country's political crisis would be resolved, leading to reconstruction, a return to balance in public finance and renewed investment and economic growth.

19. This air of optimism changed with the 1982 Israeli invasion of Lebanon, which caused very heavy human losses and massive destruction of physical infrastructure and public and private property. Losses for the June-September 1982 period alone were estimated at $US 2 billion. The invasion also dealt a severe blow to the economy, reducing its efficiency and triggering mass emigration.

20. The burst of reconstruction activity which eventually followed in 1983 would prove to be short-lived. Political instability and insecurity led to a loss of confidence, deterioration of economic conditions and paralysis of government. Many projects started after 1983 remain to be completed and any reconstruction activities came to a near standstill by 1987.

21. The "war of the mountain" in 1983 and the upheaval of West Beirut in 1984, both after-effects of the Israeli invasion, led to a split in government authority in February 1984. From this point until the end of the decade, a "logic of war" began to set in, and violent conflicts and localized strife became the norm affecting several regions, most notably South Lebanon and Greater Beirut.

22. Words do not suffice to describe what happened in human terms from this point until October 1990. Violent conflicts led to waves of destruction, dislocation, mass emigration and displacement. Local violence extorted a terrible human toll and every Lebanese family was affected in some way, whether physically and/or materially. Hundreds of thousands of Lebanese died or were wounded and tens of thousands were left handicapped or orphaned. The once affluent modern city of Beirut has its business centre totally devastated and most of its residential quarters destroyed. Several hundreds of villages were destroyed while an estimated 900,000 people lost their homes and joined the growing legions of displaced.

23. In economic terms, by 1984 the country's inability to resolve conflict and provide stability gradually eroded confidence until an almost total collapse of the economy occurred, triggering years of deep depression. A shift in authority from legal entities to different militia propelled a parallel economy that left the central Government without customs duties and tax incomes as legitimate trading was conducted through ports of entry to Lebanon no longer under government control. Illicit production and distribution of narcotics grew rapidly.

24. Lack of tax revenue and growing government expenditures on public services combined with a sharp and persistent decline in aggregate national output resulted in a rapid and unsustainable growth in government budget deficits. Public deficits represented a growing proportion of public expenditures, from 70 per cent in 1982 to 85 to 90 per cent in 1985-1990. Public deficits similarly mushroomed in absolute terms from LL 6.6 billion in 1982 to LL 135.1 billion in 1987 and then to LL 525 billion by 1990. Interest payments on the national deficit became the single largest budget item in 1985 and exceeded total government revenues as of that year.

25. The result of such rapidly growing fiscal imbalances was runaway inflation. Public sector borrowing to finance the public debt increased from LL 14 billion at the end of 1982 to LL 1,516 billion by the end of 1990. The economy began to rely more heavily on central bank financing either through advances from the central bank or increases in central bank holdings of treasury bills. By 1987 the percentage of the central bank's financing had increased to 67.5 with the State's ever-increasing injection of liquidity resulting in an expanding money supply and an acceleration of inflation. This and adverse expectations concerning the future of the country induced a "dollarization" of the economy, a wide-scale conversion of Lebanese pound savings into foreign-exchange savings. This placed additional pressure on the pound and led to substantial capital flight, particularly between April 1985 and February 1987 and during the years 1989 and 1990.

26. These developments all put pressure on the Lebanese pound, the exchange value of which rapidly depreciated. In 1984, the real exchange rate started to decrease and volatility of exchange rate movements increased considerably, clear indications of changed expectations and loss of confidence. The average value of the Lebanese pound to the United States dollar deteriorated from 4.5 in 1983 to 6.5 in 1984, 16 in 1985, 496.5 in 1989 and 782 in 1990.

27. Similarly, the movement of the consumer-price index during the 1984-1990 period also indicated a deteriorating economy. Compared to an average annual rate of 17 per cent during the 1977-1983 period, prices increased by 25 per cent in 1984 and 54 per cent in 1985. Hyper-inflation subsequently developed, with increases of 75 per cent in 1986, 487 per cent in 1987 and 155 per cent in 1988 before easing to a rate of 70 to 75 per cent in 1989-1990.

28. Other indicators show low and depressed levels of economic activity and persistence of a trade deficit. Real aggregate output continued to decline until by 1990 it was less than 40 per cent of the pre-war level. There was a slight improvement in output and exports in 1987-1988 as a result of improved competitiveness of Lebanese exports due in part to the depreciation of the national currency and the temporary hope that stability would emerge in September 1988. According to UNDP, the GDP for 1988 was $US 3.274 billion or $US 1,056 per capita with GNP at $US 3.935 billion or $US 1,270 per capita. 1/

29. During the latter 1980s the rate of unemployment rose to an estimated 35 per cent compared to 12 per cent in 1980 and 5 per cent in 1970. Underemployment also permeated the country often leading to emigration en masse of the most highly trained Lebanese, further decimating the already weakened capacity of the public sector.

30. From a socio-economic perspective, 1984-1990 witnessed a slide towards an impoverishment of the population and an almost disappearance of the middle class. The monthly minimum wage which stood at $US 135 in 1975 increased to $US 195 by 1982 before steadily declining to $US 27 by 1987. In 1988, measures were taken to redress this situation and the minimum wage has since been between $US 70 and $US 100 per month.

31. With the election of a new President in September 1988 it appeared that the situation might finally change but these renewed hopes for political stability were dashed by the failure to ensure a smooth transition of authority. This had disastrous consequences for the country and during March-October 1989 and January-July 1990 two wars broke out in the Greater Beirut area devastating an already badly weakened economy. The country's economic life came to a standstill; 12,000 to 15,000 highly trained Lebanese were forced to leave the country as they had no chance to make a decent living locally while the country's public services networks, notably telecommunications, electricity and water supply, as well as much private property, once again absorbed the brunt of the destruction.

C. Present situation

32. After the breakdown of intermittent efforts for peace and reconciliation, in September 1989, the Arab League, with the support of the international community, proposed a cease-fire and called for the adoption of a National Accord Charter. The Lebanese National Assembly subsequently convened in Taef, Saudi Arabia to discuss the Charter and endorsed the Taef Accord in October 1989.

33. The Taef Accord provides a framework for a return to normalcy and political stability through national reconciliation and a negotiated settlement of the crisis, including political reform. An "International Fund for Assistance to Lebanon" (IFAL) was also proposed to assist in the process of reconstruction. 2/

34. As noted, the rejection of the accord by the Transitional Authority led to an outbreak of further violence which ended with Syrian assistance on 13 October 1990. Since this period, the provisions of the Taef Accord have been met with remarkable success. By late 1990, a National Reconciliation Government was formed and the city of Beirut was reunified after the departure of the militias which were dissolved by the Government in March 1991. The national army has also been reunified to the extent that by July 1991 national authority was re-established over all of Beirut city, Mount Lebanon, Koura and Zghorta districts (North Lebanon), and Iqlim el Touffah and the coastal strip from Saida to Tyre (Southern Lebanon). Political reform has been implemented through a redistribution of political power between the Muslim and Christian communities, a transfer of executive power from the Presidency to the Cabinet and the expansion of the National Assembly to 108 seats, to which 40 new deputies were appointed in July 1991.

35. These impressive national efforts at reconciliation and reform in late 1990 and early 1991 were simultaneously affected by economic repercussions from events in the region. The Gulf crisis took on special significance for Lebanon in view of the strong economic ties - trade, aid and remittances - that had previously been developed between Lebanon and both the Gulf States and Iraq. Economic losses due to the Gulf crisis and subsequent war have been determined for 1990-1991 as follows: a total of nearly $US 2 billion of income losses, more than half of which comprise lost or reduced earnings of Lebanese working in Kuwait and Iraq. The balance of the income losses are $US 650 million in sales of assets and expenditures from savings and $US 220 million in lost exports. Moreover, by far the biggest loser was the delayed creation of the International Fund for Assistance to Lebanon (IFAL), representing $US 2 billion in lost transfers. 3/

36. With domestic stability and the changed political circumstances in the region after the events in the Gulf - a Treaty of Brotherhood, Cooperation and Coordination between Lebanon and the Syrian Arab Republic was signed on 22 May 1991 providing for closer bilateral relations in a number of areas - Lebanon appears determined to fully implement the Taef Accord. The Government is committed to restoring the country's independence and sovereignty, in

particular through implementation of General Assembly resolution 45/225 and through re-establishment of national authority over all of the country.

37. The negative economic influence of the Gulf crisis notwithstanding, the Government has recently undertaken a number of institutional actions with regard to reconstruction and development. Firstly, in early 1991, the Government appointed a new Board of the CDR with the aim of preparing for and reactivating reconstruction. Virtually dormant since 1987, the new CDR Board has reactivated the Council's activities and renewed contacts with multilateral and bilateral donors. It has taken action with respect to recovery planning and preparation of a number of important projects, chief among them being the reconstruction of the Beirut Central District (BCD) and rehabilitation of Beirut International Airport. Finally, the CDR is engaged in urgent rehabilitation projects financed from a $US 60 million grant by Saudi Arabia. The diligent work and commitment of the CDR augurs well for national reconstruction.

38. Secondly, the Government prepared and adopted a national budget (1991) for the first time in five years. Thirdly, in March 1991, the Government established a Higher Committee for Economic Coordination, presided over by the Prime Minister and composed of ministers with national economic responsibilities, to deal with issues of economic policy coordination. Finally, by the middle of 1991 the Government started to address two key issues concerning reconstruction: re-establishment of fiscal authority and fiscal reform; and reform of the public sector.

39. The full application of the Taef Accord is leading to a gradual regaining of confidence, the effects of which are increasingly felt at the economic level and are also evidenced by the return to Lebanon of thousands of Lebanese. 4/ Government revenues have improved considerably, while expenditures have been maintained under tight control. Central authority is re-established over ports, public buildings, and utilities: tax collection has resumed while the "customs dollar value" has been adjusted upward from its 1987 value of LL 6 per United States dollar to LL 100 per United States dollar in April 1991 and then LL 200 per United States dollar by July 1991. Subsidies for bread and fuel have been removed with the subsequent state savings allocated to social sectors such as hospitalization and housing.

40. Action has been taken to begin to reduce the levels of budget deficit and government borrowing. A policy of currency stabilization and gradual improvement of the Lebanese pound's exchange value is being followed. An absolute bottom of LL 1,132 per United States dollar was reached in February 1991; by the end of June 1991 it stood at an average of LL 900 per United States dollar. The central bank has been buying surpluses in the market; the country's currency reserves topped $US 1.1 billion by mid-July 1991. Besides foreign-currency reserves, Lebanon has very sizeable gold reserves. By the end of June 1991, national production and export performance showed largely improved results over 1988-1990.

41. Despite such positive trends, the current situation facing Lebanon remains extremely dire. Unemployment is estimated to be as high as 30 per cent while inflation is estimated to be running at 60 per cent. The economy is faced with the challenges of adjustment and technological improvement. The banking sector is facing great difficulty; several banks have collapsed while others had to be bailed out by the central bank.

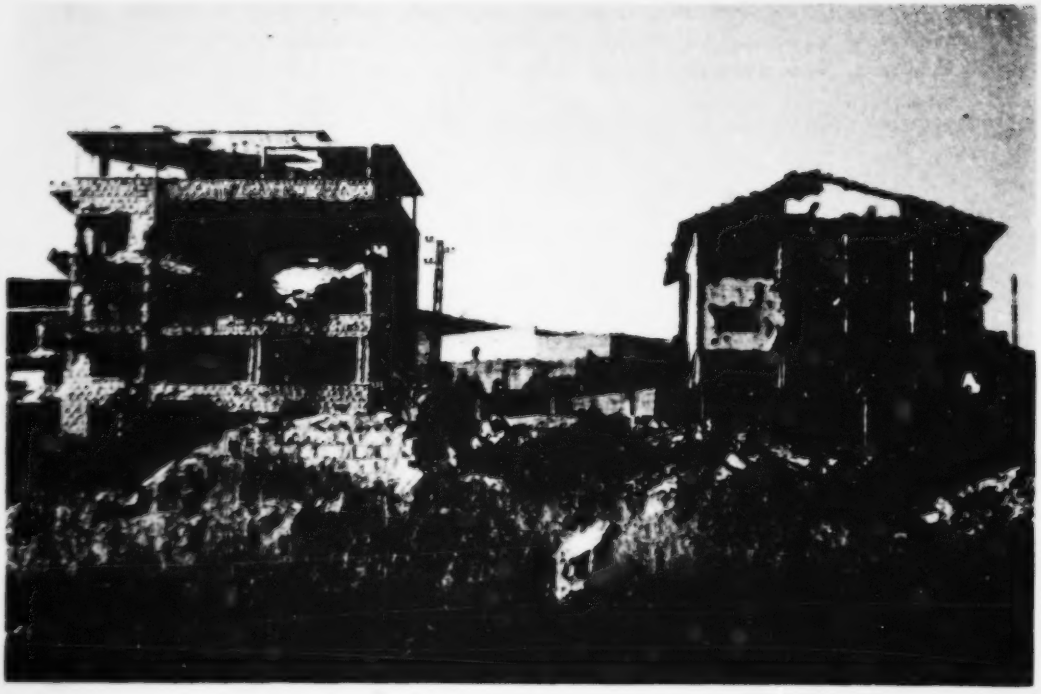
42. Life remains particularly difficult for fixed-income earners and vulnerable groups. A telling illustration of the precarious reality faced by at least one third of the population is that by June 1990, minimum monthly expenditures for a family of five were $US 313: $US 150 for food; $US 123 for fixed expenditures; $US 40 for other expenditures - compared to a minimum wage of $US 70. Situations like this have imposed severe strains on the social fabric, already stretched to the point of social disintegration. Although the situation has recently improved it ostensibly remains the same. As much as one third of the population is estimated to be in need of assistance for education, health and shelter; the situation will not change until significant opportunities arise for economic rehabilitation.

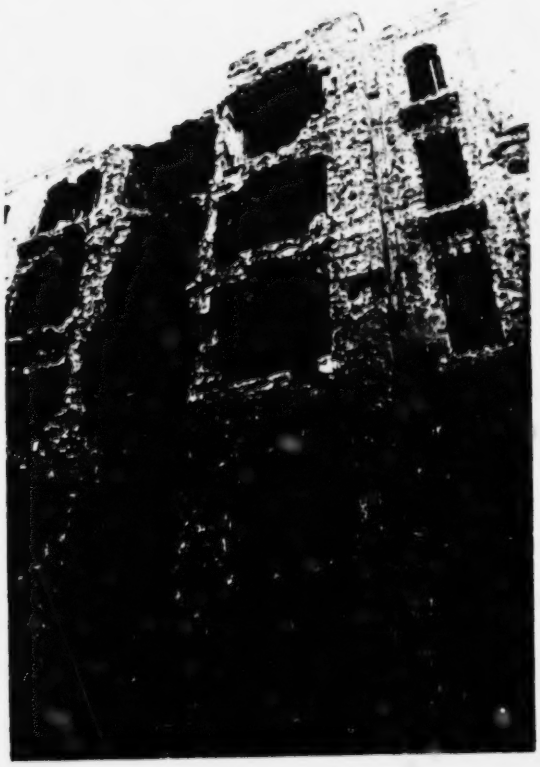
43. Conservative estimates put the cumulative damage sustained by Lebanon during the past 16 years at a minimum of $US 25 billion. Comprehensive reconstruction and development of the country will certainly cost a great deal more. Indeed, the lack of adequate maintenance and the failure to undertake repairs and replacement during the past several years has affected at least as much the country's infrastructure, services and economy as the damages of war.

44. The visual presentations that follow are a few sad examples of the magnitude of destruction and describe much more eloquently than words the damage sustained in two of the areas of Lebanon which were visited by the Mission, and hence, the present needs for reconstruction and recovery.

(1) Villages surrounding Beirut - pages 12-13

(2) Beirut Business Centre - pages 14-15





III. NATIONAL PRIORITIES AND STRATEGIES

A. National priorities

45. A national plan, reflecting national priorities, has not been prepared for Lebanon since 1975. However, after 16 years of civil war a government consensus has been formed, with its 30 ministers representing almost all major political and religious parties and confessions. This is a major step towards national reconciliation and the restoration of government authority.

46. To address the immediate needs of the country, the Government has embarked on an ambitious programme along two parallel paths of equal importance and high priority, centring on reconstructing the physical infrastructure and meeting the social needs of the population, both of which are inextricably linked to the country's economic and social development.

47. The Government thus attaches the highest importance to the restoration of physical assets and infrastructure as a means of fostering economic activity, mainly through the private sector, as well as to the rehabilitation of human capital, the country's most precious asset.

48. With regard to the physical infrastructure, particular attention is being paid to those sectors which are expected to spawn economic activity in addition to meeting the basic needs of the population. Consequently the highest priority is given to the rehabilitation of the telecommunications network, followed by electricity, water supply, sewage, solid waste and sanitation as well as transportation.

49. As a result of the massive physical destruction of the country and the forced migration of a large portion of the population (900,000 or one third of all Lebanese are believed to be displaced), housing is the number one priority within the social sector, immediately followed by education, health and job creation.

50. The provision of adequate social services has to be guaranteed and the proper institutional framework for such services established. Finally, thousands of unemployed former militia elements have to be reintegrated into society in a meaningful way.

51. Strengthening institutional capabilities and attention to manpower development are prerequisites to effective planning and implementation of a national recovery programme. To build such capacities and to meet the development aspirations of the people of Lebanon, the Government has attached priority to the following areas for technical assistance which touch upon all sectors:

(a) Re-establishment of the capacity of the Government to plan its development effectively and to coordinate internal and external financial and human resources to meet its national objectives;

(b) Rehabilitation of the national statistics agency and the urgent establishment of a statistical database in all development fields;

(c) Reform and rehabilitation of the capacities of the civil-service administration;

(d) Development of human resources and potential of the Lebanese people at all levels and in both the public and private sectors;

(e) Promotion of the private sector as a major vehicle for development in Lebanon;

(f) Provision of acceptable levels of basic social services to all Lebanese with particular emphasis on the disadvantaged, the most vulnerable and the displaced.

B. National strategies

52. Three basic strategies are being followed to help Lebanon achieve its national priorities: (i) maximizing the role of the private sector; (ii) balanced growth; and (iii) promotion of human rehabilitation/human development.

Maximizing the role of the private sector

53. With almost 80 per cent of Lebanon's gross domestic product (GDP) attributable to private sector activity and in view of the massive capital investment required to repair the widespread devastation, it is clear that any strategy for the country's reconstruction and development must be predicated on maximizing the critical role of the private sector.

54. This view was repeatedly echoed by the Government which highlighted that the country's basic strategy must be to provide the private sector with the catalytic input it needs to create a flow of investment back to Lebanon to finance the country's reconstruction efforts. One key lies in the reactivation of international aid - whether technical assistance under the United Nations umbrella or bilateral/multilateral financial assistance - which can help catalyze the return of international capital required to induce the inflow of Lebanese external capital. With an estimated $US 10 billion of private capital having fled the country by 1991 and private Lebanese holdings outside the country estimated to total as much as $US 35-40 billion, all Lebanese see the active involvement of the private sector as the only real alternative for financing Lebanon's reconstruction.

55. In parallel to this, future technical assistance must emphasize the importance of identifying, mobilizing, developing and utilizing domestic capital in the reconstruction effort. Innovative domestic mechanisms need to be developed, such as the establishment of special "cooperative land development companies" to finance such projects as the reconstruction of the

Beirut Central District. Reconstruction of the District will rely on private-sector financing; the project is expected to boost national and international confidence in the country's reconstruction.

56. An essential first step to restoring the financial stability essential for savings to be encouraged and a proper pattern of domestic investment to be promoted is the development of a comprehensive macro-economic planning framework for Lebanon. Such a framework will help in the development of sound national economic, monetary and fiscal policies while contributing greatly as the economic basis for a strategic immediate and medium-term development plan for the country.

57. In order to maximize the private sector fully, there are a number of areas where Lebanon requires assistance. The country's liberal foreign-exchange system with no restrictions on current or capital transfers should be maintained in order to inspire confidence in the national currency and attract savings from abroad as in the pre-1975 period. In other areas change is needed. Although the basic regulatory and policy framework for private-sector development does exist, agencies that regulate are outdated and need to be strengthened. Mechanisms for financing private sector working capital and investments need to be created. The banking sector cannot finance recovery and development itself; other modern financial tools - investment banking; stock markets; capital markets - are required and the feasibility of establishing them in Lebanon should be immediately determined.

58. In assessing how to help the private sector fulfil its strategic role in the reconstruction of Lebanon, assistance is also required in the following priority areas:

(a) Comprehensive fiscal reform with emphasis on revenue generation and revenue collection rather than imposition of a heavier tax base that may be inflationary;

(b) Infrastructural investment particularly in essentials of telecommunications - telephone; telex; fax; electronic mail - imperative for increased private sector development;

(c) Export promotion including development of a trade information network; and

(d) Domestic resource mobilization including helping to mobilize expatriate Lebanese for a conference/round table on reconstruction.

59. A number of areas of predominantly public-sector activity also emerge as key needs to target to facilitate greater private-sector investment including the need for: (i) a national statistical database; (ii) comprehensive public administration reform; and (iii) greater emphasis on human-resources development, particularly the upgrading of technical training. 5/

60. Although there is no question that maximization of the human and financial resources provided by the private sector is a fundamental strategy, there is a healthy ongoing debate as to what the extent of this involvement should be. This debate on the roles of the public versus the private sector is a fundamental one.

61. What is clear is that a fresh approach should be taken when rehabilitating some of the services traditionally handled by the public sector. Simultaneously it is equally clear that the private sector must be fully tapped while adhering to critical national priorities such as social equity. Past experience must be heeded; the Lebanese system has suffered and continues to suffer from major shortcomings in social organization. Although in terms of surpluses, price stability and employment Lebanon's pre-1975 economic performance was striking, it was marred by the lack of successful social and economic policies and insufficient attention to social conerns. The private sector was vigorous and dynamic but had few social objectives. The sixteen years of war have accentuated these shortcomings while creating new social inequities that need to be dealt with on a national level.

62. While a framework identified with the public interest is required to address social concerns, another key debate is whether certain public activities and assets - such as electricity generation/distribution or telecommunications network - should be privatized. Some private and public-sector representatives feel that this is the only alternative for such infrastructural sectors as telecommunications while others fearing monopolies feel that private-sector mechanisms can be merged with these entities thereby becoming public-sector companies under private management. Still others feel that the pace of privatization should be measured to enable public assets to be raised to a certain level before privatization. Here, too, technical assistance can help further develop this strategy by sharing the experience of privatization in other countries and by sponsoring think-tanks or round-table conferences which will give the opportunity to debate national policy openly on such critical issues as privatization.

63. The present situation presents a unique opportunity and requires from the Government radical departures from past practice with respect to both policy-making and management of the public sector, and bold initiatives to foster the development of the private sector.

Balanced growth

64. Closely related to the debate regarding the respective roles of the private and public sectors is the country's stated goal that Lebanon is to pursue a strategy of balanced growth; that is to say, equitable growth between regions and also between urban and rural areas where the majority of the poorest citizens live.

65. As noted, economic and social benefits from the country's reconstruction and development must be distributed in a more equitable manner than was the case before the outbreak of war. Several rural communities have been devastated by the conflict and every effort must be made immediately to

address the housing, education, health and potable water supply concerns of the rural population. Priority must also be given to the reconstruction of outlying areas as sustainable development in these areas is impossible without maximizing the potential of agricultural and rural development as well as promoting income-generating activities such as agriculture-based industries.

66. While reconstruction's initial emphasis may by necessity be on urban renewal projects such as the Central Beirut District, the strategy of balanced growth is the key to creating the social stability necessary for all reconstruction efforts.

Promotion of human rehabilitation and human development

67. Senior Government officials and private sector and non-governmental organization representatives stressed that any comprehensive strategy for the country must not simply address infrastructural and institutional rehabilitation but must also incorporate and target the full rehabilitation of the Lebanese people themselves. Dealing with the social effects of the war is a priority concern and the targeting of these effects constitutes an important national strategy.

68. Today a large proportion of the population are in a particularly vulnerable position whether they are orphans, the elderly, the disabled or the displaced, the mentally or physically handicapped. An estimated 400,000 people face hardship because they are unable to meet even their most basic needs of shelter, food, clothing and health services. Most of these also number among the estimated 900,000 internally displaced persons whose personal situations are now extremely critical.

69. In addition to human rehabilitation, a strategy focused on addressing the social needs of the population - or simply putting people first - must be concerned with other aspects of human development such as providing people with opportunities to advance and with the technical and managerial capacity required to take charge of their own development. Over the last two to three years, the rate of emigration from the country has exploded with an accompanying loss in professional and entrepreneurial skills. Lebanon's most precious asset is its human resources and there is a priority need for upgrading training in all areas of development activity. A broad human development strategy should extend basic education and primary health care to all Lebanese as well as promote economic activities in rural areas in order to improve the conditions of the most vulnerable and impoverished groups.

70. Such a strategy also denotes that priority should be accorded to promoting the role of women as equal partners in Lebanon's reconstruction and development. Women comprise half the population of Lebanon, the majority of whom have been forced to accept often menial work in order simply to meet a portion of their families' needs and compensate for family members who had emigrated. Several programmes may be adopted to help facilitate a greater involvement of women including increased vocational training for women, more comprehensive skill and basic health training programmes and promotion of income-generating activities.

71. Non-governmental organizations constitute an essential mechanism to help implement a strategy of human rehabilitation/human development. With over 50 such organizations active in humanitarian assistance and development activities and hundreds more smaller organizations operating in different sectors as well as an annual coverage of services of up to $US 100 million, NGOs play a critical role in Lebanon in implementing programmes aimed at social concerns. Very active throughout the war, NGOs were frequently on the front lines and as a result of their flexibility and exceptional understanding of local conditions were often forced to substitute for national bodies in developing and implementing programmes for social development.

72. In this context, the NGO Coordination Committee, grouping some 20 local non-governmental organizations, has been promoting community development and voluntary work. The Committee organized a regional conference in the Bekaa in late 1989 to identify priority needs in the broad social sector and in public services. Likewise, a number of Lebanese non-governmental organizations under the auspices of the Lebanese Non-Governmental Organizations Forum, an umbrella group of agencies from all major communities, have been working together in providing relief, health care, education and other forms of social welfare throughout the long years of conflict. A national conference of both non-governmental organizations and ministries was held in early 1991 under the auspices of the Lebanese Non-Governmental Organizations Forum and it identified the following seven areas as the most urgent social needs which once met will enable the Lebanese people to participate fully in the rebuilding of their country: (i) housing; (ii) youth; (iii) environmental degradation; (iv) refugees and the displaced; (v) provision of legal statutes to guarantee social rights; (vi) promotion of community harmony; and (vii) regional cooperation.

73. In addition to reaffirming these seven priorities, representatives of non-governmental organizations highlight the need for increased technical and vocational training, provision of basic health services and rehabilitation of educational facilities. They also request the United Nations and other forms of international assistance to help strengthen those organizations by encouraging project execution by them and by promoting closer cooperation amongst them. Such technical assistance and support to non-governmental organizations should be considered within the context of each individual sectoral and agency programme.

Other strategies

74. In addition to the above major strategies, the Mission felt it important that, in planning and implementing a programme for reconstruction and development, due consideration be given to: (i) adoption of a technology policy, particularly with regard to development of fully compatible management information systems; and (ii) establishment of a national operation and maintenance policy as deferred maintenance and investment have resulted in obsolescence of much of the remaining facilities not directly damaged.

IV. NEEDS ASSESSMENT

A. Introduction

75. Lebanon's needs are extensive but not unmanageable. By re-establishing economic and social stability and rehabilitating basic infrastructure and services, the Government of Lebanon is confident that private Lebanese capital can be mobilized to reconstruct the war-ravaged country. This section identifies national needs and outlines technical assistance programmes required to attract the anticipated capital investments.

76. The time-frame for the programmes proposed comprises immediate (to be addressed as first priority for up to two to three years) to medium term (programmes for three to five years) technical assistance requirements. The major constraint faced in the identification exercise was the dearth of statistical information and lack of clear national policy in a number of sectors. The proposed programme is thus a broad outline of needs and a framework for assistance. Areas of interest would require further study to refine programmes, strategies and more exact costings.

77. Capital assistance requirements have also been listed for information only as the United Nations Inter-Agency Team was primarily composed of technical assistance specialists. The listing of capital-assistance requirements is strictly indicative and provides an order of magnitude of requirements in the immediate to medium term for a few select sectors only. Several sectors do not include estimates of capital requirements and there has been only a minimal estimation of capital assistance needs in terms of credit programmes to the private sector (e.g. agriculture, housing, tourism). The total capital requirements to undertake reconstruction and for development over time are clearly several times larger than the amount listed. A comprehensive damage assessment survey and costing is needed to calculate the total capital assistance required.

78. The proposed programme is organized by sector except the first programme which is an emergency relief and assistance programme for the most vulnerable. Each sector provides a summary of the overall situation, the needs of the sector and the proposed summary programme. The sectoral information has been primarily distilled from the individual United Nations agency sector reports prepared by the Mission members, complemented by additional data gathered by consultants and other sources. The needs assessment does not make a specific determination whether a sector or programme should be addressed through the private or public sector although it is indicated that due to the magnitude of some needs, such as in housing, the private sector will have to be heavily involved.

79. In view of the national priority for each sector as reflected in section III above, the proposed programmes are organized as follows:

(a) Emergency assistance. An emergency assistance programme is strongly recommended as first priority to provide assistance immediately to the impoverished and most vulnerable populations with particular emphasis on the 900,000 displaced. This programme is for immediate funding and is costed at $US 2.7 million of technical assistance;

(b) Infrastructure and services. Before rapid economic expansion can take place, urgent attention is needed to rehabilitate services and critical infrastructure: telecommunications, electricity, water supply, environment (including waste disposal and sewage) and transport. Here immediate and more medium-term technical assistance is proposed, the former costed at $US 44 million and the latter costed at $US 13.5 million for a total of $US 57.5 million;

(c) Social and human development. Equally important and parallel support to infrastructure are programmes for the social and human development sectors: housing, education, health and labour and social affairs. Due to the nature of the sector, the priority is for the immediate term only and the technical assistance required is estimated at $US 39.5 million;

(d) Planning and civil administration. Before reconstruction can commence statistical information is required to devise a prioritized plan for reconstruction and development for all sectors. This is of very high priority. The national civil administration also requires strengthening to manage and implement the plan. Thus programmes for statistics, planning and civil administration as proposed should receive immediate attention. Without such technical assistance, the revitalization of Lebanon may be haphazard and uneven, with the poorest sectors of society risking most neglect. The technical assistance requirements for these programmes total $US 24 million of which $US 8.6 million is required immediately and $US 15.4 million is needed for the medium term;

(e) Economic revitalization. Priority-sector programmes essential to economic revitalization include banking, agriculture and rural development, industry, trade, culture and tourism. Most of the sectors anticipate extensive private-sector involvement but require technical assistance and catalytic support for sectoral revitalization. The immediate cost is estimated at $US 25.5 million; the medium-term cost is $US 83.0 million, thus totalling $US 108.5 million.

80. Section V provides a summary table of the proposed costing estimates for both technical and capital assistance.

B. Emergency assistance

81. For 16 years, the most disadvantaged and vulnerable have faced a permanent emergency. Notwithstanding the relative improvement of the economy during the first half of 1991, large numbers of the population continue to face hardship. Impoverished and unemployed, they require direct support and assistance. During the transition to normalcy, a social safety net must be

continued. To neglect it would be to invite further social destabilization and economic dislocation.

82. During the past several years emergency relief and humanitarian assistance has been provided by the generous support of donors, a few leading international non-governmental organizations, several local non-governmental organizations and United Nations agencies and programmes, including FAO, UNDRO, UNHCR, UNICEF, UNIFIL, UNRWA, WFP and WHO. UNDRO, given its mandate for emergency relief, served as focal point for $US 245 million donated to it for relief assistance to help meet food, health, shelter, education and water requirements. The assistance was directed to the most vulnerable: the displaced, orphans, handicapped, and the impoverished. Assistance was provided to welfare associations and private non-profit institutions or directly to needy families of affected population groups. UNDRO expects to remain in Lebanon for another six months over which time it will continue providing approximately $US 4 million in assistance to the disadvantaged. It is hoped that while UNDRO phases out other organizations will expand their programmes to continue serving the most vulnerable. It is also hoped that portions of the social programmes proposed in this report can be channelled through non-governmental organizations in support of their activities.

83. The major issue to be addressed concerns the displaced which number an estimated 900,000 persons. Restoring life to affected villages and city quarters requires sustained rehabilitation programmes aimed at reviving community life and focusing equally on all substantive sectors, in particular housing, basic communal services and the creation of job opportunities in order to enable returnees to earn a living. An immediate technical assistance programme of $US 0.5 million is required for the elaboration of an integrated approach and action programme for the reintegration and resettlement of the displaced. In addition to financial assistance to cater to the needs for housing and services, an estimated $US 10 million of food aid should be made available for food and cash-for-work programmes for temporary employment and community development and $US 20 million of capital assistance for loan programmes addressing needs of small-scale entrepreneurs, farmers and artisans.

84. Emergency and humanitarian assistance must be continued towards the protection, rehabilitation and equalization of opportunities for vulnerable groups, including the thousands of handicapped, the disabled, orphans, the aged and the chronically ill. An immediate technical assistance programme of $US 0.7 million is required for the formulation of a master plan for the organization and administration of the disabled sector and to provide support for its implementation. An additional $US 1.0 million is required, for a programme of selective technical assistance to address acute and emergency social problems, notably AIDS, drug abuse, marginalized youth (militias) and undocumented persons.

85. One of the most urgent requirements is food aid for vulnerable mothers and children, enabling an existing programme supported by WFP to be expanded to serve 100,000 people in social institutions, 70,000 in MCH centres and 13,000 in primary-school canteens. The programme also aims to increase

women's participation in health-care activities by attracting them to centres through food-aid programmes. Estimated cost of this important safety net for the most vulnerable is $US 15 million. In addition, material assistance of $US 20 million is required for support of social institutions and individuals and to provide material assistance to economically deprived in urban slum areas and pockets of rural poverty.

86. The very limited role of the Government in this field in the recent past will have to be reviewed, and specific attention needs to be given to the most cost-effective and efficient organization and administration of social welfare. The relationship between the State and social welfare sponsors needs to be reviewed while a technical assistance programme of $US 0.5 million for institutional development of local non-governmental organizations is also required to enable them to continue to fulfil their important role.

Estimated immediate technical assistance requirements:	$US 2.7 million
Estimated immediate and medium-term food aid requirements:	$US 25.0 million
Estimated capital assistance requirements:	$US 40.0 million

C. Infrastructure and services

Telecommunications

87. The telecommunications network was devastated by the war. The network was severely damaged in or in some instances entirely wiped out. This includes local and national cables and switches, radio links, satellite stations and international telex and telephone exchanges, as well as buildings, power-supply facilities and vehicles. Without an efficient telecommunications system, the redevelopment of Lebanon as a major service and banking centre for the region will be severely slowed.

88. The telecommunications sector immediately requires technical assistance and substantial capital investments. In addition to the physical installations required, the creation of a telecommunciations centre, a redrafting of the laws governing this sector, a separation of postal services from telecommunications as well as the immediate creation of a mobile telephone network as an emergency measure are seen as immediate priorities.

89. Among proposed programmes for international assistance are the rehabilitation and/or installation of local cable networks and switching equipment, the reopening of a satellite Earth station as well as the reintroduction of radio links with Cyprus and a microwave link with Damascus. The immediate installation of a 40,000 subscriber cellular network is also foreseen. For the period 1991-1996, requirements include the installation of a digital submarine cable to Cyprus and the diversification of telephone linkages with neighbouring countries.

90. It is expected that over a period of time the telecommunications sector could generate the necessary funds to self-finance the capital investments required, but international assistance in the form of grants, soft loans and/or supplier credits with a grace period of 5 years or longer will be required to initiate the reconstruction process.

Estimated immediate technical assistance requirements:	$US 1.5 million
Estimated medium-term capital assistance requirements (1991-1996):	$US 850.0 million

Electricity

91. Severe power shortages are a serious constraint to rehabilitation in all sectors. Since 1989, electricity generation has been sparse due to a plethora of problems: shortage of fuel and spare parts, heavily damaged distribution and transmission lines, substations and other equipment failure, including generating units. Installed plant capacity is just over 1,100 MW, while present power generation is down to only 400 MW. Meanwhile demand is growing at approximately 12 per cent a year. The result is that rationing has been introduced: 6 hours of electric supply is provided for every 30 hours.

92. The electricity sector is the responsibility of "Eléctricité du Liban" (EDL), which is an autonomous State-owned entity under the tutelage of the Ministry of Hydraulic and Electric Resources. EDL, besides facing enormous demands for rehabilitation, has serious institutional and financial problems: low-cost recovery due to inadequate pricing and large-scale theft of electricity (during the past years revenues covered only one per cent of operating expenses); lack of adequate operating budget; inability to collect bills and maintain systems; lack of trained staff; and need for modernizing and computerizing EDL services and institutional restructuring.

93. An immediate technical assistance programme of $US 10 million is required for: (i) the elaboration of a master plan for the rehabilitation and development of the electricity sector; and (ii) institutional strengthening, training, computerization and improved operation/maintenance. Repairs and rehabilitation of existing systems is costed at $US 150 million, of which the Government is expected to lend $US 70 million to EDL. Direct technical support in this connection amounting to $US 2 million is also required. Expansion of generating capacity by 500 MW and national grid requirements by 1995 is estimated to cost $US 800 million.

Estimated immediate technical assistance requirements:	$US 10 million
Estimated immediate capital assistance requirements (1991-1995):	$US 82 million
Estimated medium-term capital assistance requirements (until 1995):	$US 800 million

Water resources

94. Lebanon has adequate water supply. However, the lack of investment and maintenance over the last two decades coupled with a major increase in population in the urban areas has led to water-supply facilities being severely stretched. Water quality has also dramatically deteriorated. The daily quantity of water received by most Lebanese is below the standard average of drinking water needed for an individual. After years of neglect, major investments are required to improve the efficiency of services and to provide adequate and safe drinking water to the majority of the population.

95. Institutionally, a number of semi-autonomous water authorities are under the responsibility of the Ministry of Hydraulic and Electric Resources. There is considerable overlap and unclear division of responsibilities. A series of decrees have been issued to correct the situation but they have not yet been implemented. At present, the authorities are not capable of properly managing the water systems. The most urgent priority is to rehabilitate existing services and to stop the high system losses for potable water. Maintenance has been negligible; for example, 40 per cent of the water is unaccounted for in Greater Beirut. The authorities have not maintained the accounts on a commercial basis nor do tariffs cover the real cost of the provision of water supply.

96. Immediate technical assistance is recommended to rationalize the water sector and create the capacity to plan and manage a major investment effort. Since major investment is required in the sector, a strategic investment plan is urgently needed. Technical assistance is also needed to strengthen the Government's capacity to manage the sector as well as to help further develop operation and maintenance as well as accounting and finance systems. An immediate programme costing $US 8.5 million would provide technical assistance to study administrative reforms on both national and local levels and develop a national strategy for water-resource development. The most urgent projects will be selected based on those that will yield immediate benefits such as development of identified resources and construction of strategic supply lines and plants. In addition, assessments of damaged facilities will be conducted and financial estimates for their rehabilitation produced. Of this total amount of immediate technical assistance, $US 7.4 million will be for an emergency rural water supply and improved water-quality control programme for underserved populations. In the medium term, a programme costing $US 6.5 million would provide technical assistance for developing ground and surface water resources, including building a national network of recording equipment, assessing and prioritizing opportunities, and providing cost-estimates for selected projects. Also provided will be assistance for updating, modernizing, and applying water law and modernizing water law standards. The capital cost of rehabilitating the most immediate water supply systems is estimated at $US 250 million with $US 250 million for the medium term.

Estimated immediate technical assistance requirements:	$US	8.5 million
Estimated medium-term technical assistance requirements:	$US	6.5 million
Estimated immediate capital assistance requirements:	$US	250.0 million
Estimated medium-term capital assistance requirements:	$US	250.0 million

Environment

97. After years of war concomitant with a total neglect of the natural resource base, environmental degradation in Lebanon has reached critical levels that must be immediately addressed. The depletion and degradation of freshwater threatens future development. In the coastal areas, the salinity of groundwater has steadily increased. The current means of collecting and managing solid waste and wastewater constitutes a major public health concern as evidenced by floating refuse at sea, littered city streets, open dumps and polluted beaches. At present, there are no sewage treatment plants in the country; nor do septic tank facilities exist. A significant portion of sewage as well as wastewater for both the Greater Beirut area and numerous coastal towns flows untreated directly into the Mediterranean Sea. In some cases, boreholes are drilled to dispose of wastewater, often polluting the aquifer; in other cases, wastewater is used for irrigation purposes posing a serious environmental hazard particularly when combined with non-environmentally sound application of pesticides.

98. There are two solid waste plants in the Greater Beirut area, neither of which is currently operating: one can be reactivated after minimal capital refurbishment and installation of essential equipment while the other requires rehabilitation due to extensive damage inflicted by the war. The rate of deforestation in Lebanon is a source of concern as is encroachment and degradation of valuable arable land. Before 1975, there were 80,000 ha of forest. Today, 60,000 ha remain as 20,000 ha or 25 per cent of the country's forests have been lost due in part to the pumping of untreated wastewater into the ground. Air pollution from industrial sources and to a lesser extent motor vehicles threatens the environment while degradation of coastal areas is increasing due to the dumping of waste as well as the heavy concentration of population and economic activities. Marine pollution due to dumping of waste and industrial wastewater, agriculture run-off and oil and chemical spills from ships has resulted in low fish yields and tarred beaches.

99. As Lebanon begins the process of reconstruction, it is essential that environmental concerns be integrated into all rehabilitation and development efforts. There is a need to assist the Government in establishing an environmental policy framework to prevent future environmental degradation and that will rationalize cleaning up existing pollution. The institutional capacity for national management of the environment and for its integration with development planning must be established. There is currently no air-pollution control nor is there any authority responsible for monitoring air quality. Specifically, a national authority needs to be established to plan and manage the sewage sector. Assistance is required to support municipal authorities who are not able to build, operate and maintain the

required system. An up-to-date master plan for waste management is required as are feasibility studies for projects identified under the plan.

100. In the immediate term, a technical assistance programme of $US 7 million is required for: (i) an environmental management study to identify the most suitable institutional arrangements for environmental management in Lebanon; (ii) promulgation of the legal framework establishing the Ministry of the Environment and appropriate organizational structure including clarification of institutional responsibilities for implementation of environmental laws and regulations; (iii) elaboration of a national policy for the environment including ways to strengthen evaluation, monitoring and enforcement capabilities; (iv) completion of an inventory of Lebanon's natural resource base; and (v) institutional development to build basic institutional capacity to implement existing policies, to develop adequate regulatory frameworks, staff newly created environmental bodies, build support for increased public awareness and create national capacity to conduct environmental impact assessments as an integral part of reconstruction and development efforts. In addition, an immediate technical assistance programme of $US 2 million is required to rationalize the sewage and solid waste sector through an organization of the institutional framework, updating of the master plan and initiation of studies of waste systems. In addition, $US 35 million of capital assistance is needed for urgent rehabilitation of local works.

101. In the medium term, a technical assistance programme of $US 7 million is required for: (i) specific project formulation and implementation in coastal management, urban management and development of a national land-use plan; and (ii) a national training and education programme in coastal and hazardous waste management, environmental impact assessment and environmental management. Further technical and feasibility studies over the medium term as well as implementation of pressing civil-works projects will require approximately $US 200 million in capital assistance.

Estimated immediate technical assistance requirements:	$US 9 million
Estimated medium-term technical assistance requirements:	$US 7 million
Estimated immediate capital assistance requirements:	$US 35 million
Estimated medium-term capital assistance requirements:	$US 200 million

Transport sector

102. In a society which has traditionally depended on trade and the services sector for its economic development, excellent transport facilities and up-to-date communications are essential for future growth. After 16 years of warfare, Lebanon has neither. Instead the country finds itself without properly functioning telecommunications, a deficient road network, harbours in urgent need of rehabilitation, an erratic power supply and an international airport requiring major investments.

103. To remedy this situation, the Beirut airport will need to be rebuilt and re-equipped, Beirut harbour rehabilitated (including major civil works and the

installation of materials-handling equipment), a major portion of the road network rebuilt or resurfaced, public transport strengthened or reinstated and postal service restored. Apart from construction of civil infrastructure and supply of equipment, a national multimodal transport plan is highly recommended. A high priority is also the institutional rationalization, improvement of cost performance and streamlining of the transport sector which should follow the plan.

104. At the airport (AIB) navigational, meteorological and aviation security equipment will need to be replaced to meet the minimum industrial standards. In addition the terminal will have to be rebuilt and a new power supply installed. Finally, a training centre will need to be established and a number of vehicles acquired. In the port of Beirut, two out of four docks are operational, one is in the process of being cleared from wrecks and debris while the fourth is to be developed into a container port. All of the loading and handling equipment will have to be replaced, warehouses and storage areas built and the management system reviewed.

105. The road network needs to be completely rehabilitated through a programme of routine and periodic maintenance; continuation and completion of the integrated road improvement programme; and completion of the northern expressway and Beirut access roads. In addition there is high priority for construction of the Beirut Beltroad, the southern expressway, and an expressway towards Syria. Further rural road construction is to be given priority attention. The public transport sector will need to acquire 240 new buses in addition to garages, maintenance workshops and rehabilitation of existing buses. The preparation of a public transport master plan is also a priority. Finally the entire postal service will need to be completely rehabilitated.

106. The preparation of a multimodal master plan for all aspects of transport and technical assistance to strengthen and streamline the sector is estimated to cost $US 10 million. The total cost for the rehabilitation of the airport (excluding terminal building and aircraft simulator) has been estimated at $US 50 million over a three-year period, while a full rehabilitation of the port of Beirut and other ports is estimated at $US 280 million. The maintenance and construction of roads is costed at $US 590 million. Rehabilitation and expansion of public transport is estimated at $US 10 million while a programme of technical assistance for the rehabilitation of postal services is estimated at $US 5 million.

Estimated immediate technical assistance requirements: $US 15 million

Estimated medium-term capital assistance requirements: $US 930 million

D. Social and human development

Housing

107. Even before any conflict began in 1975, there was a serious backlog of housing stock throughout the country. The years of civil strife have exacerbated the housing shortage by the partial and total destruction of at least 200,000 housing units (costing several billions of US dollars), notwithstanding deferred housing maintenance that has been neglected during this period. It is estimated that about 900,000 inhabitants are permanently displaced, most of whom are occupying houses owned or rented by absent tenants. Many displaced have illegally constructed housing of varying quality on land belonging to other people. The lack of adequate housing facilities means that more than one family is sharing small apartments, thus creating additional social stress. The government agency regulating the housing sector is the Ministry of Housing and Cooperatives. The two agencies under Ministry's tutelage which provide credit for housing construction and repair are the Housing Bank and the Public Authority for Housing (formerly the Independent Housing Fund).

108. The main constraint in the housing sector is inadequate funds, a multi-faceted problem which has been further aggravated by negative interest rates, high rates of inflation and foreign-exchange fluctuations (related to foreign borrowings). This has given rise to the question of affordability of housing to medium and low income-level groups who have seen their purchasing power erode significantly over the past decade and a half. These factors have created an unsustainable housing finance system which lacks financial resources.

109. Without an appropriate policy framework, an unattractive alternative would be huge government subsidies, which would place an undue burden on the already significant budget deficit. None the less, the Government will need to examine and establish social policies aimed at assisting the disadvantaged and lower income-level groups, addressing such matters as new lending instruments (indexed mortgages to ensure positive interest rates), the level of subsidies required for targeted beneficiary groups and how the subsidy system will be designed and disbursed (explicit, quantifiable subsidies). Another bottleneck to the provision of housing is the present rental regulatory framework which has placed constraints on private-sector investment for housing.

110. The main priority need is for the provision of funds through lines of credit into the housing finance system for the repair and reconstruction of houses. Given the resilience of the private sector in the housing industry, it would appear that the State might not want to engage in the building of public housing projects but instead design a system of quantifiable subsidies to be provided to needy families.

111. An immediate technical assistance programme of $US 2 million is required for: (i) reassessment of rental control legislation, with a view to its

gradual elimination; (ii) training in the fields of administration, management, finance and accounting; (iii) assessment of housing finance programmes including viability of loan programmes for repairs and reconstruction and design of new financial lending instruments; (iv) the planning, management and implementation of programmes for the resettlement of displaced persons; and (v) elaboration of a national housing policy. Immediate and medium-term capital assistance requirements have not been included. As an indication of the magnitude of the problem, one conservative estimate indicated that $US 600 million is required for selected house and building repairs only.

Estimated immediate technical assistance requirements: $US 2 million

Education

112. The war has caused extensive damage to educational institutions and resulted in a large-scale exodus of teachers. Today the education sector is faced with a number of major problems including: extensively damaged educational facilities; shortage of properly trained teachers; disruption of pre-service and in-service education and training; severe shortages of instructional materials, particularly textbooks; and disruption of the educational managerial system. A total of 3,500 teachers have been dislocated and 5,000 untrained teachers have been appointed to provide essential basic education services. The Centre for Educational Research and Development, responsible for educational innovation and development as well as teacher training, has ceased to function. Enrolment at the pre-university level has fallen while it is believed that the rate of adult illiteracy has risen from its pre-war rate.

113. In spite of these problems, however, there has existed a certain resilience in the educational system that has allowed its survival in conditions where most others may have collapsed. There is a need for urgent support to strengthen its structure in order to ensure its immediate survival and allow for its eventual recovery to its pre-war state. In the long term, the Ministry of Education needs to be restructured in order to enable it to plan and manage education effectively in the country. A review of the entire education sector is required including policy framework, strategy and educational programming.

114. The needs of a reviving nation call for setting priorities in education that include the re-establishment of once universal primary education, rehabilitation of youth through an extensive vocational training network, revitalization of university-level education to provide the specialists that will spearhead reconstruction, and provision of technically-oriented curriculum to meet manpower needs. There exist immediate needs to develop teacher training, reconstruct educational facilities, introduce non-formal basic education, and systematize curriculum development. Rehabilitation and reconstruction requirements of educational institutions must be assessed and capital support mobilized to meet these needs.

115. In the short term, the emergency needs of the Ministry of Education in the field of pre-university general education must be met in order to lay the foundation for future recovery. It is recommended that there be an urgent technical assistance programme of $US 0.6 million for in-service training for teachers and a $US 4.2 million capital-assistance programme for the partial rehabilitation of selected primary schools and 35 secondary schools and provision of basic equipment and furniture for primary and intermediate schools.

116. An immediate technical assistance programme for up to three years costing $US 14.9 million is recommended that to support the educational system as it orients itself to meet its long-term objectives. The programme will continue in-service training of educational personnel, conduct in-depth reviews of the educational system that will strengthen planning and management capacities, and reactivate instructional materials and facilities and services. In addition, it will concentrate on the basic education system, including early childhood development, primary education support, and non-formal education. In collaboration with this, an immediate $US 48.8 million capital assistance programme is recommended for the rehabilitation of secondary and technical schools, teacher training colleges, as well as the reconstruction of 16 primary and secondary schools.

Estimated immediate technical assistance requirements:	$US 15.5 million
Estimated immediate capital assistance requirements:	$US 4.2 million
Estimated medium-term capital assistance requirements:	$US 48.8 million

Health sector

117. Among the most life-threatening effects of 16 years of civil war in Lebanon has been the progressive fragmentation, disruption and ultimate disappearance of a functional system of health care for an increasingly impoverished and vulnerable population. Continuing conflict, displacement, the brain drain and overall economic decay have reduced capacity, resources and effective delivery in the health sector to an alarmingly low level. The leading health problems, apart from the direct impact of civil war on morbidity and mortality, are the indirect effects caused by human deprivation, and communicable diseases among different population groups. Diarrhoeal diseases, including dysentery and typhoid, are on the increase in some areas and they are the main cause of death of babies under the age of two. An integrated health system is required to reverse this alarming trend.

118. During the conflict, WHO, UNICEF and several non-governmental organizations, supported by donors, were able to continue to provide the bare minimum level of services in a very difficult situation but this is far from enough. The most basic health-care measures and drug supplies are beyond the reach and income of 80 per cent of the population. The public health sector service employs 1,800 staff in 19 public hospitals and over 160 health centres and dispensaries at a salary which obliges them to have other sources of income to survive. The quality of service is minimal. A substantial portion

of the national health budget (80 per cent) goes to subsidize private hospitals.

119. The needs in the health sector are much greater than can be met through international assistance. The programme outlined provides Lebanon with a focused basic health services system, specially targeted at the most affected population: the rural areas, the urban poor, the displaced and the handicapped.

120. A programme for primary health-care and basic health services is immediately required with the following components: (i) strengthening health services for primary health care; (ii) expanded programme of immunization aimed at the reduction of vaccine-preventable diseases, especially measles, eradication of Poliomyelitis and elimination of neonatal tetanus; (iii) control of diarrhoeal diseases; (iv) control of acute respiratory diseases and tuberculosis; (v) maternal and child health programmes; (vi) an essential drug programme; (vii) mental health and drug abuse; and (viii) targeted nutrition deficiency programmes. Estimated cost for technical assistance is $US 11.5 million. Rehabilitation of seven hospitals to serve as referral centres for primary health care is also part of the basic health services strategy and is estimated to cost $US 2.5 million.

121. Institutional support costing $US 2.0 million is required to assist the Ministry of Health with: (i) strengthening of health statistical services to make it possible to conduct medium and long-term planning; (ii) establishment of a monitoring and evaluation system; (iii) revitalization of the health-care system including administrative reform, review of manpower and training needs and cost/financial analysis of health-care delivery; (iv) development of computerized health information systems; (v) quality control of medical products; and (vi) rehabilitation of an insect and rodent control programme.

122. In the medium term, the construction and equipping of seven primary health-care centres as well as equipping of six renal dialysis service centres is a Government priority. Total cost of this capital assistance amounts to $US 9 million.

Estimated immediate technical assistance requirements: $US 16 million

Estimated medium-term capital assistance requirements: $US 9 million

Labour and social affairs

123. One of the key areas that post-war Lebanon must face is its high level of unemployment. Social and economic stability requires that Lebanese quickly find gainful employment opportunities. Clearly such opportunities must be generated throughout all facets of the country's economic activity in order to meet the needs of the population. While emphasis must be placed on job creation, other aspects of labour and social affairs policy - particularly training and manpower development - permeate the reconstruction and development needs of Lebanon. All training institutions in Lebanon require rehabilitation; many adults, including former members of militia, have not

received adequate training. The war has had a devastating human impact and has left in its wake thousands of disabled who require occupational training.

124. In terms of training, there are needs in a myriad of areas including: occupational training of the disabled; adult training and retraining; development of employer-led initial training; reconstruction and rehabilitation of training premises and provision of basic training equipment. The Ministry of Labour is working from inadequate and ill-equipped premises and support is needed particularly in terms of a functional analysis and restructuring of the Ministry in addition to training of senior officials and review of labour laws. Cooperatives are active in Lebanon but are in need of training support to cooperative trainers. With respect to the Social Security Fund, there is need for both a review and subsequent rehabilitation programme including a full computerization of health insurance; moreover, there is need for a conversion to a retirement pension system.

125. An urgent three-month technical assistance programme of $US 0.3 million is required for: (i) review of basic labour statistics; (ii) analysis/ assessment of governmental organization in the areas of training, labour matters, social affairs and social security; and (iii) review of global training policies including organization and finance. Other pressing issues within social affairs such as social welfare policy or the targeting of vulnerable groups are incorporated in the programmes presented under emergency assistance (section IV, paras. 81-86).

126. In addition, an immediate technical assistance programme of $US 5.7 million is required to cover: (i) priority aspects of training, including training an retraining of senior officials; creation of tripartite training unit; reinforcement of the Institute of Public Administration; review and reinforcement of management training capability; occupational training of the disabled; adult training/retraining; revision of technical education and vocational training standards and curricula; provision of training materials and equipment; and training development including training in rural areas and employer-led training; (ii) institutional support to the Ministry of Labour including restructuring of the Ministry; training of senior officials; review of labour law; elaboration of legislation on employment of disabled; workers' education including training of trainers; and provision of operational and training equipment; (iii) institutional development support to cooperatives; and (iv) training and system development support for social security. Material assistance is confined to the minimum training equipment required to implement the programmes and does not include any provision for construction or repair of buildings or for fixed equipment or furniture.

Estimated immediate technical assistance requirements: $US 6.0 million

E. National planning and civil administration

Statistics

127. At present there are virtually no up-to-date national statistics on Lebanon. All documentation and equipment at the Central Statistical Administration, the Government's main agency for compilation of national statistics, was destroyed during the war and the entire building was obliterated. Only a third of the required personnel is available and they are without equipment or a building.

128. This dire situation has left the country without the statistical database required for the reconstruction and development of the country. There is a pressing need to conduct urgent surveys in various social and economic fields and to gauge the extent of the destruction. Similarly, a great need exists for coordinating statistical activities with various ministries according to their individual requirements. The capacity to undertake regular surveys, to coordinate collection of statistics and to establish a national database is a prerequisite for all development planning and programming.

129. An immediate rehabilitation programme is required to reactivate the Central Statistical Administration through provision of building facilities and furniture as well as computer and reproduction facilities. Concomitant to this should be the provision of technical assistance to prepare a statistical master sample for Lebanon using modern technology and to design and implement demographic, economic and social surveys including surveys of the displaced, the economically active population as well as a family income and expenditure survey. The immediate conducting of an industrial census and an agricultural census is also highly recommended. This entire immediate programme is estimated to cost $US 4 million. In addition, a longer-term technical assistance programme to make the Central Statistical Administration fully operational by implementing a comprehensive training programme including establishment of a statistical training centre, development of national databases (such as one on population and housing), establishment of computer networks to link with the Central Statistical Administration and development of national capabilities for regular conducting of socio-demographic surveys is estimated to cost $US 11 million.

Estimated immediate technical assistance requirements:	$US 4 million
Estimated medium-term technical assistance requirements:	$US 11 million

National planning

130. A medium-term plan will serve to establish national priorities and a framework strategy for the best manner of effectively exploiting Lebanon's human, financial and natural resources. Such a plan should contain a comprehensive macro-economic framework that will set the context for national economic policy development as well as lay the basis for a longer-term development strategy. Estimated cost of developing the plan is $US 1 million. The plan should lead to sectoral priorities that require

investment plans and feasibility studies for domestic and international resource mobilization. National authorities require approximately $US 2 million of assistance to prepare such investment studies and technical support to manage, implement and monitor plan objectives and coordinate external assistance.

Estimated immediate technical assistance requirements: $US 3 million

Civil administration

131. The body which is to plan, guide and support the development of Lebanon today stands seriously crippled. Sixteen years of neglect has resulted in an administration that is unable to respond to the challenges facing it. The structure lacks clear definition and division of responsibilities. It is highly centralized and has serious problems attracting capable civil servants. Depending on the grade, between 50 to 70 per cent of the posts are vacant, and the salary and compensation package is highly inadequate to meet the cost of living. Career development is haphazard and, in principle, no promotions have been made since 1982.

132. Technical and managerial skills are weak and the hierarchical structure has proved to be ineffective. The staff rules and regulations defining the rights and the obligations of civil servants are obsolete. The physical infrastructure has not been kept up since the mid-1970s and there is a critical need for basic equipment.

133. Taking the above into account, a civil administration reform and assistance programme is proposed in two phases:

(a) Establishment of the institutional framework and preparation of a plan for reform. The National Commission of Administrative Reform, led by an authority at the highest level, should prioritize areas for reform, establish a working programme, decide upon national priorities and the institutional responsibilities for planning, guiding, implementing and monitoring those priorities. Decisions are also required on the vertical structure of the administration, its means of effective control and coordination, and the degree of decentralization of functions and responsibilities. Technical assistance is needed to support the Government in these efforts and to prepare a comprehensive reform plan. The time frame for this programme is six to nine months and the estimated cost is $US 600,000;

(b) Implementation of the Civil Administration Reform Plan. The Plan should focus on the following areas: phased implementation of the revised structure of the institutions involved; updating of the judicial and legislative framework; definition of posts and staffing requirements, updating of job descriptions and remuneration package, and implementation of training programmes; improvement in public finance structure including budgeting, national accounts, revenue generation and payments systems; and upgrading of the administrative infrastructure, equipment and information systems. The time-frame is three to four years and the estimated cost is $US 4.4 million.

134. Although virtually all government ministries are in need of management development and institutional rehabilitation and are examined as such in this report under the relevant sectoral sections, there is one ministry that has an impact on the entire public sector and is in dire need of immediate assistance - the Ministry of Finance. In Lebanon, the fiscal situation is in danger of deteriorating even further unless strong measures are taken. The only way to reduce the fiscal deficit and still provide an increased level of public services as this overall assessment advocates is through an intensified revenue generation (and collection) effort. An immediate technical assistance programme of $US 1.0 million is required to focus on: (i) increased revenue generation; (ii) greater revenue collection through diversification away from only indirect taxes and user charges as well as more efficient revenue collection through computerization of the central registration and collection system; (iii) better resource management; (iv) review of public finance structure and management including macro planning; (v) elaboration of a monitoring and control programme; and (vi) training of key senior and middle management.

Estimated immediate technical assistance requirements: $US 1.6 million

Estimated medium-term capital assistance requirements: $US 4.4 million

F. Economic revitalization

Banking and financial services

135. The banking system in Lebanon is in a deep state of malaise. Before the war, Lebanon was a vibrant centre of banking as its system of free exchange and strict banking secrecy attracted capital from a wide variety of sources. By 1986 the sector was faced with five major problems besides the falling value of the Lebanese pound and lack of local investment opportunities: non-performing loans; excessively high interest rates; rising costs; misappropriation of funds; and a lack of enforcement of regulations. Despite this it was not until 1988 that public confidence in Lebanon's banking system, long impervious to the country's systematic political and security deterioration, suffered a serious decline inspired in part by alleged irregularities in banking practices. By 1989 the risks inherent in banking in a war-time economy, mismanagement, misappropriation and lack of enforcement of banking regulations all converged resulting in deposit outflows from the country and liquidity difficulties experienced by several Lebanese banks.

136. There is an immediate need for a comprehensive reform of the banking system. The total number of commercial banks must be reduced from its current number of 79, especially as commercial banking is dominated by a relatively small number of banks. Restructuring should result in fewer number but larger and financially stronger banks. Reform must also address the regulatory and legal framework for banking, the need for better compliance with, and enforcement, of existing regulations and improved management. Reform should also introduce other financial intermediaries essential for investment in reconstruction. Specifically, Lebanon has never had a system of investment

banking that allows investors to undertake long-term obligations in exchange for investment capital. Banking to this point has not been utilized as a tool for investment. Also, as the central bank plays such a crucial role in monetary policy it is clear that its capacity must be upgraded and appropriate data collection systems installed. There is a need for the development of other financial intermediaries such as a stock market if Lebanon is to develop again as a centre of banking and financial services. Finally, in terms of insurance, guarantees of benefits are frequently dubious and the only training provided is by a limited number of companies and concentrates only on sales techniques.

137. A technical assistance programme of $US 1.0 million is required in the immediate term to build capacity within the central bank to design and manage improved monetary policies and to conduct a reorganization of its functions.

138. An immediate technical assistance programme of $US 2.0 million is also required to assist the country undertake a reform of the banking system directed at devising a comprehensive regulatory and legal framework and its enforcement and studying the feasibility of immediately establishing investment banking. In order to benefit from banking flows once Kuwaiti banks allow unrestricted transfers, as well as to maximize opportunities arising from the Bank of Credit and Commerce International (BCCI) debacle, it is critical that large Lebanese banks with international networks build up effective institutional services. Any bank reform should allow scope for an increase in training in areas such as modern banking techniques and consumer finance services. Also as the potential for effective bank supervision is limited by the capacity of the Banking Control Commission, policy support, institutional development and training should also be provided to the Commission. Assistance is also needed to develop institutional capacity for the training of aspiring professionals in the principles, practices and techniques of different types of insurance coverage. Finally, technical assistance is required to investigate the feasibility of reactivating Lebanon's stock market as well as for developing other financial mechanisms.

Estimated immediate technical assistance requirements: $US 3.0 million

Agriculture and rural development

139. Agricultural production in Lebanon stagnated significantly during the war to the point that, by 1990, gross agricultural domestic product was below its 1966 level. Agricultural infrastructure, especially the irrigation system, storage facilities, farm buildings and roads, was heavily damaged by the conflict. The agricultural administration was incapacitated and the central Government was unable to deliver the services required by the farming community. Production of certain crops declined considerably while others, like sugar beet and tobacco, disappeared completely. Farmers were unable to sustain production and vast agricultural areas were abandoned. Exports of agricultural products declined appreciably due to a multitude of factors including the depreciation of the Lebanese pound, excessive rise in prices of raw materials and agricultural inputs, shortage of electricity and problems in the transport of agricultural produce.

140. In order to improve food security and increase food and agricultural production, a policy emphasizing the maximum utilization of agricultural resources for both domestic consumption and export requirements needs to be adopted. This policy would include intensive use of water, land and labour (including labour provided by women), improved farming systems, cropping patterns and diversified selection of crops. Exploitation of forests and fisheries need to follow a programme of sustainable development in order to ensure protection of the environment and the country's natural resource base. A policy on regional planning would aid the development of rural sectors, thereby raising the standards of living of the most vulnerable groups including women. In total, technical assistance is required in the areas of credit, cooperatives and farm mechanization; land reclamation; human resource development; irrigation; crop production and marketing; development of processing industries; animal production and development of fisheries.

141. To respond to the immense needs of the agriculture and rural development sectors, seven technical assistance programmes are proposed, each with an immediate and a longer-term programme and requisite cost estimates: (i) protection of the environment and sustainable agricultural development through reforestation and other programmes - $US 1.0 million immediate and $US 4.1 million medium-term; (ii) capacity building for improved agricultural extension and research - $1.1 million immediate and $8.3 million medium-term; (iii) management of groundwater and irrigation resources - $0.9 million immediate and $34.2 million medium-term; (iv) improved crop production and seed development/improvement - $1.4 million and $7.5 million medium-term; (v) livestock and fisheries development - $1.0 million immediate and $5.7 million medium-term; (vi) assistance to credit schemes, cooperatives and farm mechanization - $1.0 million immediate and $4.5 million medium-term; and (vii) agricultural marketing, quality control and development of processing industries - $1.1 million immediate and $10.2 million medium-term.

142. Infrastructural investment is also required on a priority basis, particularly for irrigation development. Investment required is conservatively estimated at $US 200 million and includes (i) rehabilitation of small-scale traditional systems - $25 million; (ii) development of small dams and irrigation systems - $25 million; (ii) large-scale irrigation systems - $100 million; and (iv) other rural and farm infrastructure - $50 million. In addition, if reconstruction efforts of the agricultural sector are to succeed attention should be given to the development of a specialized Agricultural Credit Bank.

143. Finally, a food-aid programme will use food-aid and credit assistance as an incentive to farmers to return to their lands and to resume agricultural activities. This programme will also create employment, resettle displaced and promote self-reliance. The estimated cost is $US 20 million for two years.

Estimated immediate technical assistance requirements:	$US 7.5 million
Estimated medium-term technical assistance requirements:	$US 74.5 million
Estimated capital assistance requirements:	$US 200.0 million
Estimated food-aid requirements:	$US 20.0 million

Industry

144. The industrial sector experienced immense destruction of enterprises and manufacturing capacities during the war. The conflict damaged or destroyed an estimated 250 factories and 600 to 700 enterprises have closed. Many of those remaining are idle, or are operating at 20 to 30 per cent of pre-war capacity and face constant shortages of raw materials and power as well as transport problems. The industrial working population has declined from about 140,000 in 1975 to 45,000 by 1985 and it is expected that the present level represents an even further decline. The Gulf crisis and decline in economic growth in recent years has also contributed to the decline of industrial growth in Lebanon. It is estimated that approximately $US 130 million in industrial exports was lost as a result of the Gulf crisis (annual basis).

145. Assistance is required to help the Government revive the industrial sector and to promote the private sector in it. Critical technical assistance is needed to rehabilitate key industries, particularly in the petroleum sector. The Government would also like to see the quality of Lebanese products improved for export to international markets. During the past 16 years the industrial sector lost considerable numbers of its skilled manpower. It is necessary to have adequate institutions that can train the technical labour force required. Finally, many of the industries are serious polluters and action is required to make their energy consumption more efficient and decrease their negative environmental impact.

146. A technical assistance programme to strengthen the capacity of the Government to plan and guide the sector, promote private-sector investment, ensure industrial competitiveness through quality standards and provide critical initial technical support to selected industries affected by the conflict is costed at $US 4.5 million. A programme to rehabilitate and strengthen technical and managerial training programmes for industries and to prepare feasibility studies for foreign and joint financing is estimated to cost $US 3.5 million. To introduce pollution standards, improve energy efficiency and to decrease pollution emission and industrial waste in a number of factories, a programme costing $US 9.0 million is required.

Estimated immediate technical assistance requirements:	$US 9.0 million
Estimated medium-term technical assistance requirements:	$US 8.0 million

Trade

147. Closely related to both the industrial and agricultural sectors is trade promotion, an area that has taken on increased importance in the wake of recent events in the region. Despite the depreciation of the Lebanese pound over the last few years - resulting in the lowering of the relative cost of labour - export activity has declined considerably as a result of the concentration of hostilities in the industrialized region of East Beirut and disrupted activity in the country's main port as well as of course the Gulf crisis and subsequent war.

148. There are few reliable details with regard to Lebanese trade but Lebanese exports to the Gulf area, Iraq and Jordan had represented 40 to 50 per cent of all Lebanese exports over the past few years. Exports in 1990 (in US dollar terms) were estimated at less than 60 per cent of their 1988 level, while estimates are that $US 200 million was lost in total exports due to the Gulf crisis. Exports of agricultural products were particularly hard hit as Gulf countries import nearly 96 per cent of all Lebanese fruit exports.

149. There is a need for a re-examination of Lebanon's comparative advantage in the realm of trade as well as services. Due to the hostilities, many enterprises have not been able to keep up with new scientific developments thereby weakening Lebanon's overall competitiveness with the outside world and affecting its trade. The situation has been particularly difficult in those industries that became explicitly targeted to meeting the market requirements of the Gulf area. The conditions that enabled Lebanon to flourish in the pre-1975 period are no longer valid and Lebanese future competitiveness lies in the development of know-how in areas where the country has a potential comparative advantage. Any comprehensive attempts at reconstruction and development must be accompanied by an analysis of this type regardless of the form it takes - whether institutional or through such forums as seminars and think-tanks. National authorities are also in the process of revising trade accords with several countries and examining such issues as illegal "dumping".

150. A medium-term technical assistance programme of $US 0.50 million is required for: (i) the establishment of a trade information network and promotion centre; (ii) elaboration of the trade/export institutional framework and selected institutional development support to major bodies including Ministry of Trade and marketing boards and to process of product selection for export; (iii) development of a system for product adaptation, maintenance of standards and quality control and export credit insurance; (iv) sponsorship and organization of trade fairs and similar trade promotion activities; and (v) conducting seminars on such topics as export techniques, expanding exports to the post-1992 European market and the role of Lebanon in the regional economy.

Estimated medium-term technical assistance requirements: $US 0.5 million

Culture and tourism

151. Lebanese society is closely tied to its cultural heritage and past history. Lebanon has inherited some of the most significant and beautiful archaeological sites but the years of conflict have severely affected their condition. In Tyre, the area containing ancient cisterns, temples and the hippodrome has suffered badly from both lack of regular maintenance as well as from deliberate destruction. Some site buildings and outlying buildings are occupied by refugees or the displaced. Although less directly affected by the war, several architectural edifices in Baalbek are in need of assistance due to lack of upkeep. The city of Sidon has been hit hard by bombing, with the "Hammam Al-Mir" and older parts of the city destroyed or significantly altered. Due to hostilities, families of refugees and the displaced have

moved into all available space, even historic monuments. Other sites including Batroun, St. Giles, Byblos, Khan Khalde and Jiyyeh all suffer either from direct damage or severe lack of upkeep.

152. The Beirut National Museum sustained a great deal of damage during the war primarily due to its situation along the "Green Line", the demarcation line dividing East and West Beirut and an area that witnessed some of the heaviest fighting of the entire war. Although still standing, the museum's showcases are severely damaged if not plundered, its galleries pierced by bullet holes, its doors broken down and its ceiling leaking water. In addition, the rising groundwater in the museum's basement threatens the many cultural objects and antiquities stored there.

153. An urgent programme of technical assistance of $US 1.4 million is required to: (i) assess damage sustained by the National Museum and determine rehabilitation and reconstruction requirements; (ii) conduct an inventory of the museum's remaining collections; (iii) assess preservation and maintenance requirements of major archaeological sites; (iv) equip and furnish the National Museum as well as undertake emergency repair work; (v) conduct training programmes for relevant senior officials; and (vi) review legislative framework regarding cultural heritage.

154. An immediate programme of technical assistance of $US 2.2 million is required to: (i) conduct a damage assessment of major archaeological sites and develop detailed plans for restoration/rehabilitation and maintenance work; (ii) strengthen the capacity of the Directorate of Antiquities to catalogue, plan and manage the sector; and (iii) conduct an international campaign to safeguard the archaeological and historical heritage of Tyre. In addition, $US 7 million of material assistance is needed for:
(i) rehabilitation of the National Museum as well as other museums;
(ii) maintenance and preservation of twelve major archaeological sites; and
(iii) preservation of archaeological and historical objects.

155. Closely linked to Lebanon's cultural attractions is the tourism sector which was a major source of revenue for the private sector and the country before 1975. While this sector should be predominantly left to private-sector investors, the Government requires assistance to plan the sector, prepare investment programmes, identify tourist sites and to establish training activities in such areas as hotel management. In particular, there is a need to strengthen the Hotel Services Training Centre in Dekwaneh and technical assistance is required to help the school expand its curriculum and broaden its practical training programmes. Total cost of technical assistance required for this sector is estimated at $US 2.4 million.

Estimated immediate technical assistance requirements: $US 6.0 million

Estimated immediate capital assistance requirements: $US 7.0 million

V. COSTING OF NEEDS

156. The attached table lists a summary of the estimated financial cost of technical and capital assistance required over both the immediate and medium-term to meet the needs of Lebanon. Immediate programmes cover up to three years with the emphasis being on the first one to two years while medium-term denotes programmes of three to five years.

E. Lebanon: Estimated cost of needs

(in millions of United States dollars)

Sector	Technical assistance			Capital assistance			
	Immediate	Medium-term	Subtotal	Immediate	Medium-term	Subtotal	Total
1. Emergency							
1.2 Emergency assistance	2.7	--	2.7	40.0	--	40.00	42.7
Subtotal	2.7	--	2.7	40.0	--	40.00	42.7
2. Infrastructure and services							
2.1 Telecommunications	1.5	--	1.5	--	850.0	850.0	851.5
2.2 Electricity	10.0	--	10.0	82.0	800.0	882.0	892.0
2.3 Water supply	8.5	6.5	15.0	250.0	250.0	500.0	515.0
2.4 Environment	9.0	7.0	16.0	35.0	200.0	235.0	251.0
2.5 Transport	15.0	--	15.0	--	930.0	930.0	945.0
Subtotal	44.0	13.5	57.5	367.0	3 030.0	3 397.0	3 454.5
3. Social and human development							
3.1 Housing	2.0	--	2.0	--	--	--	2.0
3.2 Education	15.5	--	15.5	4.2	48.8	53.0	68.5
3.3 Health	16.0	--	16.0	--	9.0	9.0	25.0
3.4 Labour and social affairs	6.0	--	6.0	--	--	--	6.0
Subtotal	39.5	--	39.5	4.2	57.8	62.0	101.5

/...

Sector	Technical assistance			Capital assistance			
	Immediate	Medium-term	Subtotal	Immediate	Medium-term	Subtotal	Total
4. Planning and civil administration							
4.1 Statistics	4.0	11.0	15.0	--	--	--	15.0
4.2 National planning	3.0	--	3.0	--	--	--	3.0
4.3 Civil administration	1.6	4.4	6.0	--	--	--	6.0
Subtotal	8.6	15.4	24.0				24.0
5. Economic revitalization							
5.1 Banking	3.0	--	3.0	--	--	--	3.0
5.2 Agriculture and rural development	7.5	74.5	82.0	--	200.0	200.0	282.0
5.3 Industry	9.0	8.0	17.0	--	--	--	17.0
5.4 Trade	--	0.5	0.5	--	--	--	0.5
5.3 Culture/tourism	6.0	--	6.0	7.0	--	7.0	13.0
Subtotal	25.5	83.0	108.5	7.0	200.0	207.0	315.5
Total	120.3	111.9	232.2	418.2	3 287.8	3 706.0	3 938.2

VI. CONCLUSION

157. As indicated in the above table, the Mission determined that the technical assistance needs for Lebanon translate into a total of $US 232.2 million with a breakdown of $120.3 million for the immediate term and $111.9 million for the medium term. Very indicative estimates of capital requirements for a few select sectors - predominantly infrastructural areas such as telecommunications, electricity, water supply and environment as well as education and agriculture - total $3.706 billion with $418 million for the immediate term and $3.288 billion for the medium term. In addition, the Mission also indicated that food aid totalling $45 million is also required.

158. In order to meet needs of such magnitude, it is clear that the major driving force behind the country's reconstruction must come from the private sector, both within Lebanon as well as expatriate Lebanese capital overseas. Every effort must be made to tap Lebanese resources to the fullest as the active participation of national funds constitutes a sine qua non for a successful programme of reconstruction and development. Simultaneously, it is incumbent upon the United Nations system, as well as upon the entire international community, to give very careful consideration to providing strategic, catalytic technical assistance in areas of maximum impact when complemented with investment monies or some other infusion of assistance.

159. While Lebanon's decimated infrastructure - telecommunications; electricity; and water supply - are unquestionably top priorities, it is also clear that these are not the only areas in desperate need of rehabilitation; equal priority must also be given to the immediate humanitarian and human development needs of the Lebanese people themselves in addition to the income-generating infrastructure as "human" rehabilitation is certainly as critical a need after 16 years of bloody conflict.

160. Reconstruction and development efforts in Lebanon must be centred on the building of capacity, whether bringing public services back to a level of operating capacity; building the absorptive capacity within both the public and private sector necessary to absorb the tremendous amount of assistance and investment required to rebuild the country; or building the human capacity needed to direct the reconstruction and manage the development of this proud and very talented nation.

161. Finally, the creation of an economic and social environment propitious for national reconstruction requires a number of prerequisites, the most important of these being national security. The most paramount task the Government of Lebanon faced these last few months has been the consolidation of national authority. The energetic actions of the Government towards breaking the order of war and working for peace and economic well-being is a considerable achievement. The United Nations Inter-Agency Mission concluded by consensus that it is "cautiously optimistic" that lasting peace is returning to Lebanon and, in this context, calls on the international community to join with the Lebanese people in rebuilding this proud nation.

Notes

1/ For more details see the UNDP-financed, UNDTCD-executed 1991 project report entitled Lebanon: The Gross Domestic Product and Gross National Product for 1988. It should be noted that for the entire period 1975-1990, available economic indicators reflect that the level of economic activity may have reached a peak in 1988. GDP figures for 1989 and 1990 are not yet available but it is estimated that the GDP dropped by 15 to 20 per cent in 1989 and by 20 per cent in 1990.

2/ The Secretary-General's Trust Fund for the Reconstruction and Development of Lebanon was established in 1978 by General Assembly resolution 33/146. This Fund is a modality through which the United Nations can mobilize resources towards meeting technical assistance and capital needs of Lebanon through the United Nations system. The use of the Fund has been quite limited so far as the environment was not conducive to reconstruction and development and as humanitarian needs were later addressed by UNDRO directly in close cooperation with UNARDOL. The IFAL should not be confused with the Secretary-General's Trust Fund. The IFAL was proposed to be established under the Taef Accord to address Lebanon's capital needs with the Fund's capital set at $US 2 billion. However, the Fund has not yet been created due to a number of reasons, notably the onset of the Gulf crisis and the previous internal instability of the country. The Fund is to be managed by an independent Board of Governors and it is envisioned that one half of the Fund's capital would be provided by Arab countries with the other half provided by Western donors. Indications are that the Government and the Arab League will try to formalize its creation during the upcoming General Assembly session starting in September 1991.

3/ This loss was somewhat offset by transfers of $US 500 million out of $US 700 million residual deposits held by Lebanese in Kuwaiti banks. For more detail see a recent study commissioned by UNDP - Marwan Iskander, The Impact of the Gulf War on the Lebanese Economy, 16 July 1991.

4/ By mid-July 1991, it was estimated that 3,000 Lebanese per day were returning to Lebanon for vacation. Although it is unclear how many Lebanese are choosing to stay, the number is believed to be significant.

5/ The public sector in Lebanon consists of the central Government, various agencies at the central government level, municipalities, and non-financial public enterprises. A government agency with important executive powers and wide-ranging financial autonomy is the Council for Development and Reconstruction (CDR). Government agencies with limited financial and operational autonomy are the National Social Security Fund, port authorities, water-supply agencies, research establishments, irrigation administrations and the electric power authority of Lebanon, Eléctricité du Liban (EDL). The predominant entity of the public sector is the Treasury which receives the surpluses and finances the deficits of public-sector entities.

Appendix 1

MISSION TERMS OF REFERENCE

Present situation

After 16 years of civil strife, Lebanon is now determined to rebuild its war-torn economy and provide its people with the opportunity to participate again in the development of their country.

The task ahead is complex but at the same time it provides the opportunity to take advantage of new and innovative ideas and approaches. The existing statistical data is highly inadequate but available information indicates that the situation in the country has deteriorated greatly throughout the period following the commencement of the civil war in 1975 and in particular during the last two years. Before the outbreak of war, Lebanon's economy was one of the strongest in the region, with vibrant industrial, agricultural and financial sectors. Beirut was the banking and financial centre for the Middle East. The Government's involvement in economic affairs was minimal and the private sector was vibrant.

Since the inception of the war, much of the industrial, tourist and agricultural sectors have been destroyed. Service industries, especially banking, have relocated abroad. The country has been drained of its best trained and educated people. The national infrastructure and social services have by necessity been neglected and have fallen into disrepair. The quality of life and human opportunities have suffered enormously in the past 16 years and today Lebanon ranks 88th out of 130 countries in terms of UNDP's Human Development Index.

The war economy has produced its own economic realities and informal economic activities have replaced the strong industrial and service-based sectors with the parallel economy dominating many sectors. Public sector spending has jumped; before the war it contributed to 12 per cent of the GDP while the World Bank estimated that by 1983 it stood for approximately 25 per cent.

Higher public/defence spending and a loss in tax and other revenues has resulted in an external debt which by the end of 1990 was estimated at $US 517 million. Continued strife, personal insecurity, low public revenues, high domestic and foreign debt and minimal external development assistance has limited the Government's ability to commence with reconstruction and rehabilitation. Now the Government of Lebanon is seeking external assistance and the active participation of the private sector to join in rebuilding the country.

Mandate for the Mission

In December 1990 the Government of Lebanon informed the Secretary-General of the United Nations of its success in establishing control over Greater Beirut area and requested United Nations assistance in the task of rehabilitation and reconstruction. Following this and further developments, a United Nations Security Mission was fielded to Lebanon which resulted in the lowering of the United Nations security rating from Phase V to Phase I making reactivation of efforts and prospects for the staging of a UNARDOL Inter-Agency Mission a reality.

Based on the above and General Assembly resolution 45/225 of 21 December 1990 as well as previous resolutions for assistance for the reconstruction and development of Lebanon, the Secretary-General intends to field a mission to gauge the immediate and longer-term needs of the country and to launch an appeal for international assistance for the social and economic rehabilitation and development of Lebanon.

Mission output

A report providing an initial needs assessment that will outline priority needs and programmes for the rehabilitation, reconstruction and sustainable development requirements of Lebanon. The report will constitute a framework focusing primarily on the immediate needs of the country with a view towards long-term development and with the active participation of the private sector. This framework will provide estimated costing and is intended to form the basis for an appeal by the Secretary-General to the international community.

The document will provide an overall needs assessment seen from a joint United Nations system perspective, thereby complementing any other sectoral or specialized evaluations which may be planned or in the process of being carried out by other entities.

Relevant specialized United Nations agencies are invited to partake in this exercise through the initial needs assessment, followed up by, as required, specific assessment missions in coordination with UNARDOL.

Mission activities

To prepare the framework the Mission will, inter alia, undertake the following:

(a) Review the country's overall socio-economic situation, in the light of the effects of the civil war and developments in the region;

(b) Review all existing reports and available information on urgent rehabilitation and reconstruction needs;

(c) Discuss with the relevant government authorities the current situation in Lebanon and immediate and national development priorities, policy framework and strategies;

(d) Assess emergency and immediate reconstruction and rehabilitation requirements, inter alia: reconstruction of essential services and utilities; rehabilitation of public administration; re-establishment of a statistical base and support to the private sector;

(e) Review plans, strategies and policies in all priority sectors;

(f) In the light of the above, assess to the extent possible reconstruction and rehabilitation requirements and capital investment needs; identify the role of public and private sector investment in meeting the needs expressed;

(g) Assess in broad terms technical assistance requirements for sustainable development in areas such as: employment creation, human resources development including training and education; civil administration reform including review of institutional structures and policies, programmes for revenue generation and taxation, and training of public administration staff; long-term planning; promotion of private sector, trade and other productive sectors including agriculture; strengthening services including health, education, housing, and the environment; provision of services to the most vulnerable especially children, elderly, disabled and displaced; and ensuring full integration of women in all phases of the development process.

Mission methodology

The Mission's methodology will be discussed with officials of the Government of Lebanon, in particular the Council for Reconstruction and Development (CDR) who will serve as focal point for the Mission. The Mission plans to initiate its work as a group with a one-day briefing and information exchange and then proceed over the next two days with a number of policy meetings with senior government officials (i.e. President, Prime Minister, Minister for Foreign Affairs, Minister of Planning, Minister of Finance) and with senior officials dealing with most affected areas such as water supply/sewerage, telecommunications, power and basic health requirements. The next three to four days, the Mission will break up according to specialization and will conduct site and field visits as appropriate.

As the broad umbrella framework is established and available data gathered, the Mission will converge as a group to assess what gaps need to be filled in the remaining time-frame of the Mission. The remaining time of the Mission will be used to complete individual specialized area assessments and an annotated outline for the full report.

Although participants will be designated by agencies, each participant will be a specialist on this Mission to make "on-the-ground" estimates of

needs and costs in their respective area of expertise. In order to maximize work, each participant should also be provided with a full-time counterpart for the duration of the Mission. During its last few days, the Mission in its entirety will come to a consensus on the outline of the report.

It should be noted that the Mission's output will comprise an initial needs assessment that could be followed up by the elaboration of specific assessments and formulation of detailed technical/capital assistance programmes by the Government of Lebanon, United Nations Agencies and the private sector.

Mission participants

Mission Leader: Dr. Mohamed A. Nour, Assistant Administrator and Director, Regional Bureau for Arab States and Europe, UNDP

Representative(s) of the Under-Secretary-General, Ronald I. Spiers, UNARDOL

Bureau for report preparation: UNARDOL/UNDP

Agencies and participants (see below for names of Mission participants)

Logistical/administrative arrangements to be coordinated by UNDP Beirut with assistance from other agencies and programmes

Tentative timetable for 1991

14 July	Arrival in Beirut
15-17 July	Meeting with the Government of Lebanon including the President, Prime Minister and other key Ministers and relevant private sector and NGO representatives
18-21 July	Field visits
22-24 July	Compiling of detailed outline of report and debriefing with the President of Lebanon
24 July	Depart Beirut
15 August	Finalization of report

List of Mission participants

Dr. Mohamed A. NOUR
Team Leader
Assistant Administrator
and Regional Director, RBASE
UNDP, New York

Mr. George ABU-JAWDEH
Officer-in-Charge
UNDP, Beirut

Mr. Christer ELFVERSON
Resident Representative-Designate
UNDP, Beirut

Mr. John HENDRA
Area Officer
Country Programmes Division, RBASE
UNDP, New York

Mr. Bahman KIA
Acting Chief
Programme Support Division, RBASE
UNDP, New York

Mrs. Indu CHAKRAVARTTY
Political Affairs Officer
Office of Under-Secretary-General for
Political and General Assembly Affairs
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Mr. Christian DE CLERCQ
Special Assistant to the UNARDOL Coordinator

Dr. Fatih EL-SAMANI
Senior Health Adviser for the
Middle East and North Africa
UNICEF, Amman, Jordan

Mr. Anthony LATHAM
Representative
UNICEF, Beirut

Mr. Tsaga WORKU
Programme Specialist, Division of
Operational Policy and Policy and
Sector Analysis
UNESCO, Paris

Mr. Mehdi AL-HAFEDH
Senior Programme Officer for
Arab Regional Activities
UNIDO, Vienna

Mr. Georgios ANESTIS
Industrial Development Officer
UNIDO, Vienna

Mr. Abdel Mawla EL-SOLH
Regional Representative
for the Middle East
UNHCR, Cairo

Mr. Rafik SAIDI
Liaison Officer
UNHCR, Beirut

Mr. Jiri KRAML
Coordination Officer
Relief Coordination Branch
UNDRO, Geneva

Mr. Michel RAMBOURG
Adviser on Civil Administration
UNDTCD, New York

Mr. Abdallah ZOUBI
Inter-Regional Adviser in Management
and Training
UNDTCD, New York

Mr. Adel CORTAS
Assistant to the Assistant
Director-General
FAO, Rome

Mr. Axel BAILLE
Representative
FAO, Beirut

Mr. Moufid ABOUCHACRA
Acting Regional Representative
for the Middle East
ICAO, Cairo

Mr. Charles MANTON
Consultant
ILO, Geneva

Mr. Nabil KISRAWI
Head of the Europe and Middle East Division
Telecommunication Development Bureau
ITU, Geneva

Mr. Mohamed Adel JALLOUL
Director of Operations
WFP, Beirut

Dr. Abul-Fazl RAHMANI
Representative and Programme Co-ordinator
WHO, Beirut

Ms. Karen RASMUSSEN
Senior Financial Analyst, Infrastructure
World Bank, Washington

Mr. Ele Jan SAAF
Director
UNRWA, Beirut

Mr. Marwan MOHSEN
Chief, Transport and Communications Division
ESCWA, Beirut

Mr. Labeeb ABDUNNUR
Chief, Statistics Division
ESCWA, Beirut

Mr. Nabil ABU DARGHAM
Officer-in-Charge
UNIC, Beirut

Mission programme for 1991

Monday 15 July

8.30-10.30 a.m.	General organizational meeting (Bristol Hotel Conference Room)
11 a.m.	Audience with Elias Hrawi, President of the Republic of Lebanon
12 noon	Meeting with Mr. Al-Fadl Chalak, President and members of the CDR Board
2 p.m.	Lunch hosted by Mr. Chalak, President of CDR

Monday 15 July (continued)

4 p.m.	Sectoral meetings with line ministries and officials
6.30-8.30 p.m.	General meeting with Mission Team

Tuesday 16 July

All day	Meetings with national authorities (continued)
6.30-8.30 p.m.	General meeting with Mission Team and security briefing by UNTSO and UNIFIL

Wednesday 17 July

9-11 a.m.	CDR, Baabda - sector meetings - Agriculture and Rural Development - Private Sector Development - Industry - Education
11.30-1.30 p.m.	CDR, Baabda - sector meetings - Health - Relief and displacement - Telecommunications - Statistics
6-8.30 p.m.	Field visit to Beirut City Centre (see attached list) with CDR

Thursday 18 July

9-11 a.m.	CDR, Baabda - sector meetings - Economy and infrastructure - Manpower - Palestinian refugees - Domestic water and waste management
11.30-1.30 p.m.	CDR, Baabda - Sector meetings - Administrative reform - Air, sea and land transport - Housing - Electricity
5-9.30 p.m.	Field visit to Greater Beirut (list attached)

Friday 19 July	
8.30 a.m.	Departure for Bekaa region
10-12 noon	Invitation of Mr. M. Dalloul, Minister of Agriculture to inauguration of Tal-Amara Agricultural Research Centre
5.30-6.30 p.m.	General meeting with Mission Team
6:30-8:30 p.m.	Meeting with leaders of the private sector and representatives of non-governmental organizations
	Plenary session
Saturday 20 July	
8 a.m.-5 p.m.	Field visits to archeological sites in Tyre and neighbouring social development project
	Meeting with Mr. Halim Fayad, Governor of South Lebanon, and UNIFIL Force Commander Lt. Gen. Lars-Eric Wahlgren
6:30-8:30 p.m.	General meeting with Mission Team
Sunday 21 July	
	Preparation of draft summary reports
Monday 22 July	
	Continuation of bilateral meetings. Review of sectoral draft reports
5 p.m.	Round-up high-level meeting with Higher Committee for Economic Cooperation
7 p.m.	General meeting with Mission Team
Tuesday 23 July	
	Bilateral meetings (continued)
6:30 p.m.	General meeting with Mission Team
Wednesday 24 July	
All day	Submission of required sectoral reports

Thursday 25 July

All day	Review and compilation of Mission draft report outline by secretariat

Friday 26 July

	Report writing (secretariat)
5.30 p.m.	Wrap-up press conference (secretariat and local agency representatives)
7 p.m.	Round-up meeting with CDR (secretariat and local agency representatives)

Beirut Central District and southern-suburbs itinerary

- Beirut Central District
- Ras Al-Nabeh
- Tayouneh
- Ain El-Remaneh
- Gbeiry
- Chiah
- Haret Hreik
- Bourg El-Brajneh
- Lebanese University
- Hadath
- Kfrachima
- Beirut

Greater Beirut itinerary

Tayouneh	Salima
Saida Old Road	Mtein
Choueifat	Aintoura
Aramoun	Bolonia
Aitat	Dhour El-Choueir
Souk El-Gharb	Al-Ayroun
Aley	Al-Douar
Chartoun	Al-Kleya'at
Bhamdoun	Dekwaneh
Sawfar	Dora
Hammana	Sin El-Fil
Bmaryam	Beirut

Appendix 2

Lebanon: recent basic social and economic indicators 1/

Area	10,452 sq km
Population (1988)	3.1 million 2/
GNP (1988)	$US 3,935 million 3/
GNP per capita (1988)	$US 1,270
UNDP Human Development Index/Rank (1991)	0.592/88 4/
SOCIAL INDICATORS:	
Average population growth rate (1980-87)	0.7% 5/
Population density (1990), per 1,000 has.	2,899 people 6/
Rural:urban population ratio (1990)	16:84 7/
Labour force, % of total (1988-89)	30.1% 8/
Literacy, age 15+, Male (Female) (1984-88)	86% (69%) 9/
Mean years of schooling (1980)	4.4 years 10/
Tertiary graduates, % of age group (1986-88)	2.9% 11/
Average persons per dispensary (1991)	3,985 people 12/
Doctors per 10,000 persons (1991)	14.26 doctors 13/
Daily calorie supply (1984-86)	125% 14/
Under-five mortality rate (1990)	43/1,000 births 15/
Life expectancy at birth (1990)	66.1 years 16/
Fertility rate (1990)	3.6 child/woman 17/
ECONOMIC INDICATORS:	
GDP (1988)	$US 3,274 million
GDP per capita (1988)	$US 1,056
Inflation rate (CPI) (1990)	75% 18/
Arable land, % of total	30%
Value of exports (1990)	$US 700 million 19/
Value of imports (1990)	$US 1.8 billion
Volume of cereal imports (1989)	558,000 mt 20/
Balance of payments (1990)	-0.2 billion 21/

Total external debt (1989)	$US 520 million 22/
Internal debt (1990)	LL 1,635 million
Total reserves (excl. gold) (1990)	$US 700 million 23/
Total ODA received (1989)	$US 132 million 24/
Food aid received (1989)	$US 30 million 25/

ENVIRONMENTAL INDICATORS:

Water availability per person, wet/dry season (1990)	88/67 litres/day 26/
Contamination presence in household water sources, rural/urban, % of total (1990)	78/66% 27/
Population with access to safe water, rural/urban, % of total (1985-88)	85/95% 28/
Protected land areas, % of total	0.3% 29/
Energy production, ave. growth (1980-89)	-2.9% 30/
Energy consumption, ave. growth (1980-89)	3.6%
Energy imports, % of imports (1989)	7.0%

COMPOSITION OF GDP (1988): 31/	
Trade	10.6%
Agriculture	20.5%
Manufacturing	10.0%
Construction	28.1%
Non-financial services	17.5%
Financial services	8.0%
Public administration	5.3%

AGRICULTURAL PRODUCTION (1988): 32/	
Cereals	4.6%
Potatoes	12.4%
Sugar beet	5.6%
Vegetables	20.4%
Fruits	54.6%
Olives	2.5%

COMPOSITION OF EXPORTS (1988): 33/	
Clothing	19.6%
Jewellery	15.3%
Food and beverage	9.2%
Metallic products	5.7%
Aluminium products	5.0%
Other manufactures	45.2%

NON-FINANCIAL SERVICES (1988): 34/	
Transport	36.3%
Health	15.3%
Hotels/restaurants	14.5%
Education (private)	8.0%
Rent	7.5%
Other services	18.4%

(Footnotes on following page)

(Footnotes to table)

1/ Recent and accurate data on Lebanon remains scarce.

2/ UNDP/LEB/89/001, DTCD, "Lebanon: The gross domestic product and gross national product for 1988", 1991. Estimate includes Palestinian residents outside camps, but not those inside. 1991 UNDP Human Development Report estimates 1990 population at 2.7 million.

3/ GNP and GDP estimates are from UNDP/LEB/89/001 study, pp. 69-70.

4/ UNDP, "Human Development Report, 1991".

5/ UNESCO, "Needs Assessment Mission in the Fields of Education and Cultural Heritage: Lebanon", May 1991, p. 2.

6/ Human Development Report, p. 160.

7/ Ibid., p. 136.

8/ Ibid., p. 150.

9/ UNESCO, p. 2.

10/ Human Development Report, p. 128.

11/ Ibid., p. 128.

12/ UNICEF, "Situational Analysis of Lebanese Children and Women", June 1991, p. 35.

13/ UNICEF, p. 40.

14/ Human Development Report, p. 122.

15/ UNICEF, p. 18. The 1990 Ministry of Health/UNICEF/WHO survey indicated wide regional disparities in mortality rates.

16/ Ibid., p. 122.

17/ Ibid., p. 160.

18/ IMF, "Lebanon: Recent Economic Developments", February 1991, p. 2.

19/ Exports and imports figures from IMF, p. 3.

20/ World Bank, "World Development Report, 1991", p. 211.

(Footnotes to table) (continued)

21/ IMF, p. 3. Excluding valuation changes to Bank of Lebanon's net foreign assets.

22/ World Bank, p. 244.

23/ IMF, p. 3.

24/ Human Development Report, p. 154.

25/ Roughly estimated by UNDRO.

26/ UNICEF, p. 30. Includes water that is allocated to industries, general services, etc.

27/ Ibid., p. 31.

28/ Human Development Report, p. 136.

29/ World Bank, p. 269.

30/ Ibid., p. 212.

31/ UNDP/LEB/89/001, p. 63.

32/ IMF, p. 44.

33/ UNDP/LEB/89/001, p. 20.

34/ Ibid., p. 34.